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**LOCAL DEVELOPMENT PAPER NO. 10**

Diversification and Single Industry
Communities: The Implications of a
Community Economic Development Approach,
by Michael B. Decter
and
The Vulnerability Checklist:
A Tool for Community Self-Assessment,
by The Canadian Association of Single-
Industry Towns
with the assistance of David R. Miller
and François Lamontagne

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## ABSTRACT

Single-industry or single-sector communities are an important focus of regional development policy in Canada. Until quite recently, this policy had neglected such communities. Yet they represent the major source of Canadian raw material and resource exports. From some 1300 to 1500 communities across Canada come lumber, pulp, metal, and non-metal mineral resources, as well as the agricultural and fisheries products that Canada exports to world markets.

Throughout Canadian history, the story of many single-industry communities can be summarized by the saying, "Life is hard and then the town dies." Several recent studies have questioned the continuing validity of and necessity for such a harsh reality. A review of these studies is a starting point for this report.

Section I of this paper explores the issues of single-industry communities and suggests ways in which communities can diversify their own economies. These suggestions are rooted in the notion of community-based diversification as an appropriate response to the economics of the single-industry communities vulnerability: a bottom-up approach to these issues is lent strength by recent developments such as the formation of the Canadian Association of Single Industry Towns. As well, the fiscal difficulties faced by governments at every level indicate the importance of solutions which do not place major resource demands upon the public sector.

Section II of the paper describes the process and results of CASIT's efforts to develop a Vulnerability Checklist for use as a self-assessment tool by means of which single-industry communities not only can evaluate their present situations but predict -- and hopefully prevent -- future problems on the basis of measurable yardsticks. Included as well are the results of a pilot test conducted among thirteen single-industry communities with an earlier version of the Checklist. The section is concluded by a discussion of possibilities for improving the Checklist and for future development of the community self-assessment concept.

Central to the conclusions of both sections of the paper is the view that communities must first be prepared to assess their situation and organize action. Without initiative at the community level, actions by governments, corporations, unions, and other organizations are unlikely to succeed. But with community involvement and community entrepreneurship, the Canadian experience suggests that a great deal can be accomplished.

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## FOREWORD

The purpose of the Economic Council's project on Directions for Regional Development was to look at situations in which local communities had assumed more responsibility for their own development, and to see what lessons could be learned from these experiences. Fourteen case studies were undertaken, while a number of Issue Papers examined subjects of general concern to communities and development practitioners. The research was deliberately designed to be different from work typically undertaken by the Council in the past. The primary task was to collect instructive evidence, and to verify it where possible by drawing upon existing evaluation studies. The authors were not expected, for example, to undertake the extensive data collection needed to do cost-benefit studies. Rather, they were asked to capture the diversity of the local development experience in Canada.

The results of the research are being reported in a special collection of Local Development Papers. Recent and forthcoming releases in this collection are listed at the end of this document. An overview of the findings from these cases and Issue Papers will be presented in a paper entitled Developing Communities: The Local Development Experience in Canada.

A subsequent phase of the project will analyze the context within which local development initiatives take place and evaluate their actual and potential impact on reducing regional disparities.

This Paper presents one of the Issue Papers produced by the Directions for Regional Development project under the direction of Dal Brodhead.

Like the case studies, these Issue Papers arose out of the project team's research and consultations with community development workers, government officials, women's groups, business people, non-profit organizations, and many others across Canada. A unique feature of the project was its regional orientation through the use of three regional consultants who played a major role in the development of the case studies and issue papers and in the consultation process. Equally important were the numerous joint research ventures undertaken with a wide range of regionally based partners.

Our work in the first part of the project suggests that programs sensitive to the needs of individual communities, and based on some type of partnership between government and local groups, may make a contribution to economic development in Canada's diverse regions. In particular, our research suggests that communities have an important role to play in identifying development priorities and the particular skill requirements of individuals and local businesses. They also indicate that such "bottom-up" strategies can be assisted by a Local Development Organization (LDO), whose mandate is sufficiently broad and constituency base sufficiently large to enable it to take a long-term development perspective. An important feature of "bottom-up" community development strategies is their focus on community capacity-building aimed at increasing local self-reliance and innovation.

The issues on which we have chosen to focus illustrate a number of the ways in which Canada's communities have mobilized their available human, financial, and material resources to help assure a future for themselves. We believe that the resulting papers will be of value both to community and regional development practitioners and to regional policy-makers at all levels of government.

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Judith Maxwell
Chairman

## SECTION I: DIVERSIFICATION AND SINGLE-INDUSTRY COMMUNITIES

### INTRODUCTION

Some 1300 to 1500 single-industry towns across Canada contribute enormously to Canada's economy through the pulp, paper, lumber, metallic minerals, and agricultural products which comprise their livelihood and the basis of most of Canada's exports. Each of these communities, by definition, is dominated in its economic dimension by a single economic activity or sector. These communities represent one of our nation's major economic strengths -- yet they are extremely vulnerable. Product price cycles in international markets and resource depletion bring about the death of many of these communities. Some of these declines are predictable the moment the town's construction begins. There is an ore body to be depleted or another non-renewable resource which cannot provide a permanent economic base. For many communities, uncertainty plagues all decisions. Other single-industry communities may believe themselves secure, only to be confronted by dramatically changed circumstances due to a plant closure, the relocation of an air force base, or the decline in markets for a particular commodity.

As a nation, we have not coped well with these communities throughout our history. Our history has been the history of the frontier - develop, exploit, and abandon. As we move closer to the 21st century, it is increasingly clear that the values of frontier development are not the values that will carry us across the threshold into that brave next century. The values which are emerging in our society favour sustainable development over exploitation. Self-reliance by individuals and by communities is also regaining favour over dependence on the state to resolve problems.

This paper approaches the dilemma of single-industry towns in Canada from the standpoint of a community economic development approach. More specifically, it seeks to discover the strategies communities can pursue to create for themselves a more hopeful economic future. What frameworks can governments create for sustained community-based development? What obligations should be met by corporations undertaking developments which leads to the creation of dependent communities? What responsibilities should unions bear in single-industry towns?

The insight a community-based economic development approach brings to bear on this problem is one which has its roots in the "unbundling" of the economic enterprise. Rather than viewing technology and technique as bound up with capital and labour and inextricably linked in a package, a community economic development approach sees each of the ingredients as a separable import. According to this approach, the community, once organized, will decide to import capital, technology, or expertise according to local needs rather than on the basis of externally determined criteria. Selective importation of ingredients rather than traditional "smoke-stack" chasing[1] is the practical policy outcome. In Canada, many economic development officers are now focusing on "growth from within" strategies, not "smoke-stack chasing."[2,3] This broad shift towards the application of community-based approaches to the problems of single-industry towns did not originate in some academic vacuum, nor is it the product of mere idle curiosity. It is an appropriate response to the aspirations of the communities themselves.

Several recent reports and events underscore the timeliness of this examination. The first and most important event took place in September, 1986 in Sudbury, Ontario. This was the first annual conference of the Canadian Association of Single Industry Towns (CASIT). This Association has, as its central objective, the provision of an organization to share ideas, support each other's priorities and provide a stronger voice for single-industry towns and resource dependent communities. CASIT's more detailed objectives and operating principles are listed in Appendix A.

A useful report, entitled "Let's Recycle Our Throwaway Communities and Disposable Workers: Policies For Dealing with Mining Communities", was prepared as a background document for the Royal Commission on Employment and Unemployment in Newfoundland and Labrador in 1986.[4] Another report, more national and comprehensive in scope, was prepared by the Canada Employment and

Immigration Advisory Council. Entitled "Canada's Single Industry Communities: A Proud Determination to Survive,"[5] it was presented to the Federal Minister of Employment and Immigration in February, 1987. A follow-up report incorporated the responses of 17 Federal departments and agencies to the C.E.I.C. Advisory Council report.[6] Clearly, the issues of single-industry communities have taken on importance at both federal and provincial government levels.

Each of these reports, from its own perspective, offers a useful discussion of the problems facing single-industry communities. However, the detailed objectives of the Canadian Association of Single Industry Towns provide the most significant support for a self-reliant, community-based approach to those problems. In particular, CASIT's Objective 9 reads: "To impress upon people living in single industry towns and resource dependent communities that they must rely on their own initiative, commitment and long term planning to save their home town, not governments."[7] It is with this recognition of the need for bottom-up planning by the community that one senses, for the first time, that the approach has some chance of succeeding in Canada. Only an approach which has support at a community level can hope to succeed. Previous approaches have often lacked community support.

The main purpose of Section I of the present paper is to examine briefly the economic context of single-industry towns and their role in the Canadian economy. The objective here is to establish the economic significance of these communities. Another aim of this section of the paper is to identify some of the key issues - vulnerability, the export role, the product price cycle, the life cycle of communities - facing these communities. Chapter 3 reviews recent reports and studies on this topic. Chapter 4 outlines a few existing program initiatives. Chapter 5 outlines a community-based economic development strategy for single-industry communities.

This study's policy conclusions are relevant to all concerned and interested Canadians -- in particular, to the communities themselves. Policy options for the communities themselves are addressed in Chapter 6. The various roles that each of the levels of government could play are dealt with in Chapter 7, and the roles that corporations and unions could undertake are set forth in Chapter 8. Section II focuses in some detail on the Canadian Association of Single Industry Towns' "Vulnerability Checklist".

## 2 SINGLE INDUSTRY COMMUNITIES IN CANADA - THE REALITY AND THE PROBLEMS

The importance of the single-industry community issue is derived from three factors: 1) the extreme vulnerability of these communities; 2) their sheer number; 3) the significant value of the natural resource exports derived from these communities.

The Department of Regional Economic Expansion, in its 1979 Report, discussed on pages 11 to 14 of this paper, identified 811 single-industry communities in Canada.[8] These communities were sorted by province, as follows:

| | |
|---|---|
| Newfoundland - | 121 |
| Prince Edward Island - | 25 |
| Nova Scotia - | 42 |
| New Brunswick - | 67 |
| Quebec - | 220 |
| Ontario - | 115 |
| Manitoba - | 32 |
| Saskatchewan - | 39 |
| Alberta - | 51 |
| British Columbia - | 99[9] |

The single-industry communities were also sorted into ten main industrial bases, as follows:

| | |
|---|---|
| wood - | 302 |
| fisheries and fish processing - | 131 |
| metal mines and refineries - | 88 |
| non-metal mines and refineries - | 54 |
| manufacturing - | 53 |
| construction, tourism, miscellaneous - | 48 |
| public administration - | 68 |
| utilities and transport - | 27 |

| | |
|---|---|
| food processing - | 31 |
| agricultural service sectors - | 9[10] |

It is noted in the later Employment and Immigration Advisory Council Report (1986) that an additional 500 single-industry agricultural communities across the prairie region of Canada could perhaps be added.[11] Although a precise count of single-industry communities is not central to the objective of this report, we could fairly estimate that there are approximately 1300 to 1500 such communities across Canada. The 1300 figure is based on the sum of the CEIC estimate and the communities identified in the DREE report, while the 1500 figure is an estimate by the Canadian Association of Single Industry Towns as cited in the CEIC report.

## Impact of Economic Cycles

No single statistic available conveys the impact of economic cycles on single industry towns quite so dramatically as the calculation that some 28,700 mining jobs were lost in Canada during the 1982-84 recession.[12] This fact becomes even more dramatic when one considers that there are some 140 mining-dependent communities across Canada, comprising a population of about 750,000.[13] Most of the mining jobs lost during the recession were lost in these communities. Given the continuing extreme fluctuation in mineral prices as well as the impact of broader economic cycles, mining communities stand out as examples of highly vulnerable single-industry communities.

But this vulnerability is not confined only to mining communities. There is a price cycle which affects pulp and paper communities, forestry communities, and fishing communities alike. Agricultural service centres have likewise been hard hit in recent years. The plummeting of agricultural prices which triggered the collapse of several major farm machinery firms and their dealer networks has also had a sharp impact on thousands of family farms and the communities which supply their needs. The vulnerability that affects most single-industry communities, then, is one of economic cycles and commodity price cycles. This vulnerability has been aggravated, in recent years, by what Peter Drucker has called the "uncoupling" of manufacturing from primary production.[14] As a result of this phenomenon, Canada's resource industries can remain depressed despite strong growth in the manufacturing and service sectors.

## Impact of Exhaustion of Resource or Technological Change

A further peril which awaits most mining communities and some other communities is the exhaustion of the resource. That resource could be an ore body upon which a mining community is dependent. Uranium City, Saskatchewan is an excellent example.[15] More subtly, technological redundance, which renders an industrial process obsolete may have a similar long-term effect. Examples here include the consolidation of grain elevators across the prairies.[16] Although, in these instances, the resource itself will not be exhausted, the community's raison d'être will be.

Even single-industry communities dependent on public administration are not immune to the impacts of technological change or shifts in the political economy of the community. Heavy water plants close, R.C.M.P. detachments move, military bases diminish and consolidate. Although political institutions are often more resistant to change than business, there are no certainties for single-industry communities.

A good example of technological change interacting with institutional forces is the gradual consolidation of railway towns. As the technology shifted from steam to diesel the necessary distances between rail-dependent towns increased. As grain transportation policy has begun to allow consolidation it has taken place along rail lines.

Some 400 single-industry communities have closed during the 120 years of our nation's history, according to Hal Quinn, writing in the January 2, 1985 issue of Maclean's magazine. Most recently, Uranium City in Saskatchewan, Schefferville in Quebec, and Ocean

Falls in British Columbia have contracted dramatically due to a loss of their single sustaining industry.

## Other Problems

Among the other problems faced by some single-industry communities and their surrounding regions are several consequences of uncertainty and eventual closure. There is a disincentive to all forms of investment due to uncertainty over community longevity. This is a barrier to small business development and hence to diversification.

Upon closure there is a loss of individual investments in housing and small business. As well, there is a loss of public sector infrastructure investment such as schools, roads, water and sewers, and hospitals, upon decline or closure. In some instances there is also a loss of regional centres for surrounding communities and Indian communities, causing a restriction of available services on decline or closure. The social costs of dislocation can also be high for those forced to move away from friends, family, and communities to seek work.

## Measurement of Vulnerability

Until recently, there was little formal work on the issue measuring the extent of vulnerability in single-industry communities. However, the Canadian Association of Single Industry Towns[17] has recently prepared a report, "Vulnerability Checklist," containing a set of indicators and a checklist which a community can use to obtain a measure of its vulnerability. These indicators and the checklist are discussed in some detail in Section II of this paper.

## 3 RECENT REPORTS AND ANALYSIS OF SINGLE INDUSTRY COMMUNITIES

This chapter reviews a number of recent reports and studies of importance in this field. The definition of communities and insights into policy possibilities have been complemented by a review of numerous recent reports by governments and others.

The following summaries are intended to convey the variety of recent analytical and policy work undertaken in Canada with direct relevance to single-industry communities.

### DREE Occasional Paper - Single Industry Communities (1979)[18]

In 1979, the Department of Regional Economic Expansion (DREE) published a research report examining the phenomenon of single-industry communities. The report was a statistical and analytical examination of those communities rather than a statement of government policy. The definition adopted by the DREE report was as follows:

> Single industry communities are defined as one in which there exists a single dominant economic activity (a single employer or group of employers in a single activity/industry) which is not within commuting distance of another area or areas offering alternative employment opportunities[19]

Translating this definition into an operational definition proved complex. As a result, DREE excluded four categories of community from their definition.

1 CMA's (Census Metropolitan Areas) or communities within commuting distance of them;

2 Agriculturally based communities, except for agricultural services centres;

3 Communities north of the 60th parallel; and,

4 Indian reserves.[20]

DREE, using 1971 census manufacturing data and private data sources, compiled a master list of communities which met this definition.

It was found that, of the Canadians who lived outside major urban centres, 25.3 per cent[21] lived in the 811 single-industry communities identified in the study. A wide variation was found regionally, with some 36 per cent[22] of the non-metropolitan population in the Atlantic provinces living in such communities and only about 15 per cent[23] of the population of Manitoba and Saskatchewan living outside metropolitan areas being resident in them.

DREE developed an accounting framework and groups of indicators to identify the impacts of disruption and collapse of the single industry town. The accounting framework included three sets of accounts: private accounts, economic accounts, and budgetary accounts. Under private accounts, the impacts noted included income loss from unemployment, income loss from alternative employment, and loss of wealth. Items listed under loss of wealth included loss of housing value, relocation costs, and loss of pension benefits. This accounting framework was designed to quantify and measure all impacts on individuals, on the B.C. economy, and on governments.

Under economic accounts was a long list of social infrastructure - schools, hospitals, transportation facilities, communication systems, sewage systems, and retraining costs. Under the budgetary accounts were the impacts on various programs such as unemployment assurance or social assistance. Together, these accounts were put forward as a framework, but actual calculations were not carried out.

Beyond the framework, the major intent of this study was the actual identification and mapping of communities. Communities were, as was noted earlier,[24] categorized with respect to type of single industries. The study also mapped communities by province and by size. The report, while primarily analytical, ends with a plea for "A Greater Sensitivity". This conclusion is worth quoting because of its recognition of the severity of the problems faced by single-industry towns.

> Does one await signs that the community is encountering difficulty? Should analysis await a final distress call from a floundering town? Or should the analysis be used on a continuing basis to monitor the likely effects of any change in the economy or international trading conditions for government actions?
>
> There is no single answer to these questions. Obviously, a greater understanding of the nature of single industry communities by industry, by governments and by the general public can lead to greater anticipation of potential trouble spots. But otherwise proud and robust communities may not appreciate being tagged as "trouble spots" with every flutter of world prices. This indeed poses a dilemma for decision makers. It is not the subject of analysis in this study.
>
> The descriptive analysis and the framework have been presented to foster the greater sensitivity to, and an understanding of, single industry communities. The health and future viability of these places will help determine the health and future course of the entire Canadian economy.[25]

## Newfoundland Royal Commission Report

As noted previously in this review, one of the background papers prepared for the Royal Commission on Employment and Unemployment in Newfoundland was entitled: "Let's Recycle Our Throwaway

Communities and Disposable Workers: Policies For Dealing With Mining Communities." Written by Wade Locke, it was published in September, 1986.[26]

The Locke paper focuses on the characteristics of the mining industry and typical mining communities in order to examine the problems experienced by residents of such communities. The community of Buchans is studied in detail. The report concluded that there is a need for change in the philosophy adopted by both mining companies and the Government of Newfoundland in order to increase the employment opportunities in the affected communities.

The recent Buchans case study focuses on the decision by ASARCO (the American Smelting and Refining Company) to terminate its operation at the MacLean mine at Buchans in 1984. The report identifies another four mining communities in Newfoundland - Baie Verte, Daniel's Harbour, Labrador City, and Wabush - as single-industry communities.

It is interesting to note that the typical government response to the problems of mining industry closure appears to be ad hoc and reactive. "Once the problem materializes, there is an attempt to use existing policy instruments to alleviate social distress in the affected community."[27] In reviewing policy options, the report strongly supports the notion of statutorily required advance notice. Locke also lists several ways in which unions, in particular, can help workers following massive closures. These include the negotiation of the time and duration of severance pay, attempting to obtain company assisted retraining for workers permanently laid-off, bargaining for lump-sum relocation assistance, obtaining preferential hiring treatment or direct transfer of employees to other operations of the same company in other locations, and helping to determine whether other companies have openings which affected workers might fill. His report encourages companies and unions to negotiate all these items.

Locke reports that Swedish mining companies can contribute up to 50 per cent of their profits to a tax-exempt fund in which 75 per cent of the contribution must be placed in a non-interest bearing account at the Bank of Sweden. The Government of Sweden may require the company to draw on its account to fund specific projects, or the company may be permitted to withdraw funds during specified periods to invest in buildings, plants, machinery and equipment. Sweden has demonstrated a positive stabilization effect from this approach, which has helped to moderate the severity of the business cycle in that country. The report argues that the Swedish experience, while not perfect, is certainly an improvement over the status quo in Newfoundland.

Furthermore, the report identifies two types of measures to mitigate the effects of decline and closure. The first of these is work-sharing, which would permit mining companies to avoid layoffs by reducing the work week for all employees. Another is direct government subsidies for production costs, potentially a portion of wages which would permit continued operation.

The report notes that the Manitoba Government has established a Mining Community Reserve Fund and has also been actively lobbying for a similar fund to be set up nationally. The Manitoba fund provides transitional relief for mining communities affected by closure or layoffs. It is funded by an allocation of up to 3 per cent of the mining taxes received in a particular fiscal year. Payments from the fund are used to enhance the welfare and employment prospects of those mining community residents affected by the total or partial suspension or the closure of mining operations attributable to the depletion of ore deposits. The first payments have supported community organization, training, and various other initiatives. It should be noted that in the case of mine closure, the fund is not meant to artificially sustain the community in the absence of alternative economic opportunities. A more detailed description of this mechanism appears on pages 27 and 28.

The Locke report also discusses a government ban on the development of new single-industry towns adjacent to existing mining developments. The Report notes that the establishment of new single-industry towns was not then (1986) permitted by the Ontario government if the new mine was to be within commuting distance of an existing centre. This would leave the mining company with the options of systems such as the fly-in approach, temporarily relocatable communities, or large-scale townsites with a diversified economic base. Examples of each type of community are reviewed.

An international review of employee participation on boards of various levels and enterprises is conducted. As well, Canadian policies are reviewed, including mobility programs, Community Futures, and taxation policies.

The Locke report concludes with some 25 conclusions and recommendations, prefaced by the observation that it is likely that mining companies would oppose many of the recommendations that would impose additional costs on them. The social costs implied by their decisions to permanently close operations result in large costs for governments. Companies are not anxious to have these costs transferred to them.

## Advisory Committee CEIC Report

While Wade Locke examined the Newfoundland situation, a broader review was undertaken by the Advisory Council to the Minister of Employment and Immigration. Canada's Single Industry Communities: A Proud Determination to Survive was the title of a report presented to the Minister of Employment and Immigration by the

CEIC Advisory Council in February, 1987. The mandate for the study was established in October, 1985 and directed a committee to investigate the problems faced by single-industry-dominated communities as a result of plant closures or major layoffs and to recommend actions that could be taken to eliminate or reduce the adverse effects on individual workers in these communities. The committee found that about 25 per cent of Canada's non-urban population live in single-industry communities, and that these communities create about 10 per cent of the country's wealth and make up approximately 40 per cent of its exports. Also noted was the mute evidence of 400 ghost towns across Canada.

Insufficient planning and the absence of long term planning are cited in the report as major reasons for the historically haphazard development of the country's resource frontier. However, the determination of individuals to build and save their communities is also highlighted.

> They are drawing on local energy and talent to seek out and develop alternative economic activities. And in the absence of clear government direction and easily accessible assistance programs, they are organizing local committees, corporations and groups to take charge of their community's future.[28]

The report identifies six major causes of industrial closures and cutbacks: 1) exhaustion of the resource, 2) market decline, 3) competition from other producers, 4) low profitability, 5) technological change, and 6) public policy. The effects of closures on communities, on workers, on local businesses, on services, and on the regions are discussed. Of particular interest in the commentary on major policy issues is the following reference to regional development policy: "Current federal regional development programs appear to be applied in an ad hoc manner without regard for the weaving in of all the essential components, including single industry communities, into the country's regional economic development strategy."[29] A range of issues is canvassed in the report, running the gamut from resource policies to groups with special needs to mechanisms.

The report then focuses on allocation of responsibilities among companies, workers, unions and associations, the community, and provincial and federal governments. The conclusion of the committee is that no one stakeholder has sole responsibility. The need is for cooperation among all those involved. One note on the costs of job loss given as an example is that in the mining sector between 1982 and 1984, the 10,000 jobs lost were estimated to have cost the federal government $545,000,000 in unemployment insurance benefits and lost income tax revenue.[30]

The report concludes with a number of recommendations directed primarily to the Minister of Employment and Immigration. These recommendations are reproduced as Appendix B of this paper.

A second part of the report provides a description of single-industry communities as well as a series of profiles of individual communities from coast to coast. A number of existing programs and initiatives currently in place across the country are described. Finally, there is a summary of the individuals and organizations who presented briefs to the committee as it travelled throughout the country.

While narrowly targeted to provide advice to the Minister of Employment and Immigration, the Advisory Council's work carries much broader implications. It strongly advocates a "bottom-up" approach to community development, suggesting that programs be aligned to support community efforts in single-industry communities. The report refers to a new mood developing in this direction and cites the Canadian Association of Single Industry Towns as evidence.

In February, 1988, a follow-up report, based on an interdepartmental forum, was presented to the Minister of Employment and Immigration by the Canada Employment and Immigration Advisory Council. This report was entitled Canada's Single Industry Communities: In Search of a New Partnership. Following the distribution of some 5,000 copies of the CEIAC report discussed above, Canada's Single Industry Communities: A Proud Determination to Survive, the Advisory Council convened a meeting in Ottawa on October 21, 1987, which was attended by 17 Federal departments and agencies. The objective was to provide departments and agencies with background to the report to explain the main points of the report and to allow each department and agency to comment upon pertinent issues.

Four major topics provided the focus for discussion. These included data bases, community initiatives, the role of the coordinator, and existing policies and strategies.

The follow-up indicates that departmental participants in the meeting overwhelmingly favoured bottom-up development with local involvement as an appropriate strategy.

> In a near unanimous decision, the participants agreed that the responsibility for initiating the adjustment and development process at the local level belongs to the community. The community should be allowed to decide and identify what they need to progress socially and economically and how to go about achieving these goals. But it was also recognized that communities will need help in all these activities, in the form of information, advice and resources.[31]

As well, at the discussions at the interdepartmental forum, CEIAC made four recommendations pertaining to developing a data base, selecting a coordinator, preventing economic downturns, and assessing the frontier development option.

## 1982 Task Force on Mining Communities And Further Deliberations by Mines Ministers

The 1982 report of the Task Force on Mining Communities proposed a fund to assist mining communities and individuals. At the 1984

Conference of Federal/Provincial Mines Ministers, the Manitoba Mines Minister proposed the establishment of a nationwide Mining Community Reserve Fund similar to one previously established in Manitoba. At this conference, the Mines Ministers established the Federal/Provincial Territorial Task Force on New Financial Mechanisms for Mining Communities. In 1985, five options were presented to the Mines Ministers by that Task Force. They were:

1. Reserve Option A - Manitoba model (including Federal contributions);
2. Reserve Option B - Contributions by communities matched by federal and provincial governments;
3. Swedish investment fund concept;
4. A personal adjustment fund; and,
5. A labour diversification fund.

Two options were further considered during the 1985-86 period by a working group of industry, labour and community, and government representatives. These were: Community Development Fund and Personal Adjustment Fund. This further work was reflected in two discussion papers at the 1986 Mines Ministers' Conference on a Community Development Fund and a Personal Adjustment Plan.[32] The Association of Single Industry Towns proposed that the two thrusts could be broadened.

The objective of the Community Development Fund was to help mining communities effectively plan for their future. A local contribution which would be matched by federal/provincial contributions was seen as central. As well, participants believed the Fund could operate to bring local and provincial contributions together with funds funnelled through the Canadian Jobs Strategy's Community Futures Program. The intent of the program was to implement the concept of shared risk and to provide funds for:

1. Diversification studies, administrative and related promotional activities;
2. Diversification pursuits, as well as community and worker adjustments of types not met by existing government programs.

With regard to the Personal Adjustment Plan, a number of problems were identified, including the scale of tax expenditures, the lack of labour movement support, and the complexity of administration. This Personal Adjustment Plan has, therefore, not been pursued much farther by any of the governments.

### The Canadian Association of Single Industry Towns - Communities Themselves Mobilize

Launched in May, 1985 with a conference of sixty representatives from across Canada, the Canadian Association of Single Industry Towns (CASIT) now represents over one hundred such communities. The Association's overall objective is to speak with a unified voice for the common good of all people living in single-industry towns and resource-based communities in Canada.

As noted previously, CASIT's detailed objectives are included as an appendix to this report. Also included is CASIT's "A Direct Comparison of Regional Development Principles - Federal/Provincial Governments or Canadian Association of Single Industry Towns - Which One Makes More Sense To You?"[33] This comparison, reproduced in Appendix B, presents a very community-oriented set of principles, in contrast to the governmental principles endorsed by Ministers responsible for Regional Development in June, 1985.

Finally, as was also noted earlier, CASIT's Vulnerability Checklist for Single-Industry Towns has been included as Section II of this paper. The purpose of this Checklist is to enable single-industry communities to take stock of their socio-economic situation on a regular basis and to predict -- and hopefully prevent -- future problems on the basis of measurable yard-sticks.

### Towns, Wheels or Wings? For Resource Development

In February, 1986, the Western Resources Program at the Institute for Research on Public Policy (IRPP) organized a conference in Vancouver, B.C. to discuss the interrelationship of resource development and new town development. The conference was titled "Towns, Wheels or Wings? For Resource Development."

Selected conference papers were published by the Institute following the conference. In summarizing the proceedings of the conference, the then Director of the Western Resources Program, of IRPP, Barbara L. Hodgins, identified the following theme:

> If the proceedings of the conference can be distilled, evidently the preferred choice for resource development today is wheels or wings, not towns. Short and long distance commuting by workers has come, bucking the Canadian tradition, replaced the new town as the means for natural resource development in Western Canada and the North. Tumbler Ridge, built to support the Northeast coal development in B.C., may have been the last new tailor made resource town.[34]

The conference did not confine itself purely to the issue of new town development. There was also a panel discussion entitled "Existing Resource Towns in Jeopardy, What Can Be Done, What Should Be Done?" As well, there was a discussion of workers' dependence in new towns.

## 4 EXISTING POLICY INITIATIVES DIRECTED AT SINGLE INDUSTRY COMMUNITIES

The policy discussion of single-industry communities does not begin in a vacuum. There are applicable policies and programs in place although most were not conceived to deal with or focused exclusively on such communities.

Two relevant initiatives are described briefly. Other types of programs which might be helpful to communities are also listed.

## Manitoba Mining Community Reserve Fund

The Manitoba Mining Community Reserve is a fund which is narrowly targeted at mining communities and their problems. It has been described as follows:

> [It] operates under a section of the Mining Tax Act, making it the only legislated resource community reserve fund in Canada. In any one year, the Lieutenant Governor in Council may authorize the transfer to the Reserve of up to 3 per cent of the mining royalties received by the province in that year. The provincial Department of Finance is custodian of the fund, while the Department of Energy and Mines accepts and reviews requests for disbursements from it.
>
> Use of money from the fund may be authorized for the welfare and employment of persons residing in a mining community which is adversely affected by the total or partial suspension or the closing down of mining operations attributable to the depletion of ore deposits.
>
> The fund was established in 1970. Since then, payments have been made to the communities of Wabowden and Lynn Lake following the closure of mines and to Leaf Rapids and Thompson following lengthy mining company shutdowns. These communities used money from the fund to partially offset shortfalls in tax revenue, to retire infrastructure debts or to support job creation projects.
>
> The province also assists single industry communities through the Manitoba Jobs Fund. A $10 million loan from the fund assisted the company to deepen the Ruttan Mine at Leaf Rapids. Interest costs accruing to the loan over a prescribed interest-free period were absorbed by the Mining Community Reserve Fund. Money from the Mining Community Reserve has also been used for an economic development seminar at Lynn Lake, for covering the costs of hiring an economic planning and development officer and for other economic development initiatives. Its strength is its flexibility, say officials involved in its administration.[35]

In its February, 1988 budget address, the Manitoba Government proposed to create a new Mining Development Fund. The new fund was to subsume the Mining Community Reserve Fund. As well, 5 per cent of all mining taxes received by the Province were to be directly allocated to the new fund. The fund's objective was to ensure that some of the wealth generated by the Province's mineral resources would be reinvested (along with private-sector funds) in the mining industry and in mining communities to help stabilize the economy of Northern Manitoba. But because of the defeat of the Manitoba Government on the budget in which this proposal was contained, it is very difficult to determine whether the new government will be inclined to continue with the Mining Reserve Fund, as contemplated in the 1988 budget address.

## Community Futures Program

The Community Futures Program was introduced by the federal government in June, 1985 as part of the Canadian Jobs Strategy, to be administered by Employment and Immigration Canada. It was described as a program designed to help communities hit by major layoffs and plant closures. The program was also aimed at communities struggling with economic decline but which had some opportunity for permanent growth and development. It was ideally to be a program which would anticipate change, rather than react flexible, cooperative approach within the community itself, with emphasis on permanent employment and small business development.

The program's current objective is "to assist communities in their efforts to identify, develop and implement measures to help individuals adjust to their economic environment and expand employment".[36] To qualify, a community must be one which is experiencing longstanding high unemployment as compared with the rest of the province, and/or is experiencing or anticipating permanent employment losses because of substantial layoffs. In addition, Special Community Futures Communities can be designated by Cabinet. These are described as communities requiring additional financial assistance because of especially severe economic problems. Detailed selection criteria may be found in Appendix C.

The selection of specific communities is the responsibility of the Minister of Employment and Immigration. Once a community is selected, a Community Futures Committee is formed "to provide a means for cooperative participation of local groups."[37] The Committee includes representatives of business, labour, government, and the local community. Up to $200,000 can be made available over a two-year period to help the Committee assess the community's economic problems and develop employment opportunities and worker-based adjustment measures.

After analyzing the community's problems and identifying possible solutions, the Committee advises Employment and Immigration Canada on its plans for development and recommends the most appropriate Community Futures Options and other programs available. These Community Futures options include the Self-Employment Incentive, a grant of $180 per week for a maximum of 52 weeks designed to enable unemployed workers to become self-employed; the Business Development Centre, to provide advisory services and loan assistance to small business for the creation of permanent employment; the Community Initiative Fund to support unique and innovative proposals from communities for employment growth and recovery which cannot be supported by other government programs; Relocation and Exploratory Assistance to help workers and others affected by closures or layoffs to have access to a job or better employment opportunities; and Direct Purchase of Institutional Training to provide occupational training to workers to meet the need for skill and increase their earnings and employability.

The Community Futures 1988-89 program budget was close to $125 million. By March, 1989, more than 200 communities had been selected and granted assistance under the program. Several of these communities have since selected specific program options from among the five options described above.

Criticisms of the Community Futures Program have focused on two aspects of the design. First, the area boundary definition has presented problems for some communities. Second, the employment orientation of CEIC is not always well linked to the economic development needs and agendas of communities. With reference to this paper, it is important to note that Community Futures does not have single-industry communities as a primary focus, although these communities probably represent a significant portion of the program's clientele.

## Other Programs

Across Canada there is a wide range of other programs that have already been of assistance to single-industry communities or could be of assistance in the future. Rather than cataloguing these programs, a task which has been done elsewhere in more comprehensive fashion, it may be worthwhile to touch on a few of the more representative examples:

1. **The Community Economic Development Fund, Government of Manitoba** - This fund provides loans to small businesses and to community-owned enterprises in remote, rural, and northern communities of Manitoba. In over a decade of operation, it has assisted several hundred businesses and enterprises by providing loans and loan guarantees as well as advice.

2. **Bottom-up Planning Processes** - Five initiatives or organizations undertaking new directions across the country which have focused on bottom-up planning as a way of influencing government program and policy decisions are:
   a. Economic Council of Newfoundland and Labrador
   b. Ontario Northern Development Advisory Councils
   c. Quebec Regional Councils
   d. Saskatchewan Northern Development Advisory Council
   e. Yukon 2000.

   While different in their initiation and direction, each of these five initiatives takes as a starting point a bottom-up approach which sees the community as central. These types of initiatives provide a means for single-industry communities to put their needs and concerns into a broader policy process.

3. **Industrial Developers Association of Canada (IDAC)**[38] - IDAC is a professional association of industrial commissioners, economic development officers, and economic development professionals. These individuals generally work at a municipal or regional level as professionals in the field of economic development planning and business development. As well, members might manage industrial facilities such as incubators, industrial parks, or tourist facilities. The increasing professionalization of this group is suggested by a joint venture diploma program at the University of Waterloo,

which represents a much more aggressive pursuit of standards than the association has engaged in previously. The implications of such professionalization are evident. What it means is that IDAC might well provide a source of qualified professionals to assist communities in the economic planning process.

## 5 KEY INGREDIENTS FOR DIVERSIFICATION

A review of recent reports and programs only focuses attention on the central question. What are the key ingredients for successful diversification? And how should the issue of broadening the economic base of a community be approached?

One of the most useful recent summary statements of the community-based economic development approach is from a paper by Stewart E. Perry, in a policy paper for the Economic Council of Canada entitled: "Community As the Basis For Regional Development." Perry suggests the following to do with resources for development:

> These imported resources are of three classes: ideas or knowledge resources, people or human resources and financial capital, probably in that order chronologically and often in that order so far as significant influence is concerned. Each of these classes supplement rather than supplant or substitute for any local resources. For example, the ideas or knowledge resources are essentially information about how others in similar situations have gone about some of their tasks, and such information would not be accessible and usable were the local leaders not already conceptualizing their position in ways that make that outside knowledge sharply relevant.

> Analogously, the importation of people is a deliberate effort to supplement the skills of local leaders by recruiting consultants and/or staff who are willing and able to work under local direction. And finally, outside capital for local projects is effectively mobilized when it is levered by local capital and made to fit local needs, rather than simply the needs of capital suppliers. In short, what happens is the process by which dormant, forgotten or previously depleted local resources are brought into play, and only thereafter lever all sorts of outside assistance.
>
> Note that it is not central to the community based approach to rely upon the importation of a package of resources as represented by the tactic of trying to attract a company to set up a whole new facility in that setting rather than in some other. In this sense, the community based approach has, almost by definition, implied the piecing together of local resources with only a minimal element of outside resources. And from this standpoint, the process rather obviously does not mean engaging in the zero sum competition of the usual smokestack chasing of conventional economic development practitioners.[39]

The single-industry community, by definition, has begun its existence through the discovery of a mine, construction of a mill, or evolution of a centre, likely through the importation of all of the ingredients above. A forest is to be harvested and into the community are imported capital, knowledge, and the human resources to build the mill. A community-based development approach suggests, therefore, in terms of diversification strategy, the need to access what is already available within the community rather than seeking another mine, mill, or like industry.

If we continue with the working definition of community-based economic development as set forth by Perry, we must ask ourselves, in a single-industry community, what are the possible sources of, first, ideas for diversification; second, human resources; and third, financial capital.

## Knowledge

Ideas and knowledge resources are viewed by Perry to be an important ingredient in his trinity. It is worth considering the source of ideas available to communities and individual entrepreneurs within communities seeking to diversify. These resources have undergone a vast expansion of potential with new technologies that allow access from remote locations to data bases. For instance, new information technologies and computers can, via telephone and computer-linked access, provide remote locations with many of the same information and idea resources available in major urban centres. This is not to say that further assistance is not required in terms of ideas and knowledge. Often it is the very necessary component of organization, or, as Coffey and Polèse would say, "animation," in which the local situation is most lacking. Organization at the community level can help access the full range of ideas available to the community. For example, the Northwest Development Corporation, headquartered in Lynn Lake, Manitoba, was able to compile an enormous list of potential projects from ideas suggested by community residents through a process best described as community brainstorming.[40]

The important second stage in the process is to refine those ideas and to develop a "short list" of realistic possibilities. This often requires all of the available expertise in the community, including small business persons and the managers, whether resident in the community or elsewhere, of the major industry upon which the town depends. In the case of Lynn Lake, the Northwest Development Corporation was able to enlist the aid of senior managers of Sherritt Gordon Mines Ltd. In many other communities, this approach has not yet been undertaken. In the case of YUKON 2000, a comprehensive review of possibilities for development in the Yukon, culling out poor ideas became a major challenge.[41]

With a development forum or vehicle of some description, it should be possible to enlist the aid of skilled corporate executives to provide some of the ideas and knowledge, in particular to provide critical comment on ideas generated within the community. Governments may also assist this process by financing local development officers.[42] In the case of Lynn Lake, important aid was granted by the Manitoba Mining Community Reserves Fund expressly to allow Lynn Lake to hire an economic development officer, thus giving the diversification process added impetus.

If a community is to undertake a full review of the ideas and knowledge available (and applicable) to it, it must have access to information about what other communities in similar positions, both in Canada and elsewhere, have been able to achieve. This information must obviously be available in a form usable by the community; pages of flow charts and regression analyses are of little avail to a community of miners or fishermen. The community must also have sufficient funds to enable it to do the job of turning raw ideas into a short list of possible projects in a comprehensive, thorough fashion. In general, support from government and industry will be necessary if this end is to be achieved.

## Human Resources

The second ingredient in the Perry formulation is people or human resources. While we have referred to some of this expertise previously, it is important to recognize that the community-based approach suggests, first, the need for an inventory of the skills, talents, and expertise available within the community. Only after this inventory is complete can the community know what it can successfully undertake and what expertise it might yet need to import. Training and skill development are crucial here.

Two separate thrusts of human resource development needs can be delineated. First, there is a need for leadership training to assist with the enhancement of community leadership capacity, and, second, there is a need for skill training to allow the existing workforce to adapt to the requirements of new businesses or industries. A wide array of successful models for community-based training can be identified across Canada. Specialized miner training in Lynn Lake, Manitoba allowed miners to make the transition from a doomed copper mine to a new gold mine. This type of skill adaptation is important. Another training thrust is distance education operated by Universities or Community Colleges. Athabasca College in Alberta is a Canadian leader in this field. Professional training of nurses, teachers, and others with a significant community component has been undertaken in a number of Canadian jurisdictions. In general, training driven by local human resources and local needs works best in support of a community-based development approach.

## Financial Resources

Financial capital is the third key ingredient and there is a range of sources which have been identified for financial capital for business and new business start-up, be it venture capital, loan assistance or so-called 'love money' or financial resources borrowed from the entrepreneur's immediate family, extended family, or friends -- often at little or no interest.[43]

More traditional sources of financing include the full range of bank loans, loans by various development agencies of government, and grants from various agencies of government. This financing may take the form of loans against assets, or it may be operating credit extended against accounts receivable or inventories. In the case of single-industry communities, the major sources of available capital could be described as follows:

a) money from individual residents of the community (love money, etc.);
b) money borrowed from financial institutions within the community (Credit Unions, Caisse populaire, banks, etc.);
c) grants or loans provided by the major single industry within the community (mining company, pulp and paper company, etc.);
d) funds imported from external sources to the community (government funds, funds from financial institutions, equity investments).

The focus of the financial capital discussion pertaining to single-industry communities should be on the critical money needed to develop new businesses within the community. Often within new businesses obtaining initial seed capital or financing is crucial. While this initial capital is always the most difficult for potential entrepreneurs to obtain, it is even more difficult for those wishing to set up shop in single-industry communities, given the perception of outsiders that such communities will wither and die as soon as the resources which have supported them are depleted.

## 6 WHAT WE CAN DO FOR OURSELVES: POLICY DIRECTIONS FOR COMMUNITIES

Given the importance of Canada's 1500 single-industry communities to the country's economy, it is appropriate that we look at what may be done to diversify the base of these existing communities and thereby to decrease their vulnerability. It is also reasonable to assume that successful economic diversification will be more likely if work to achieve diversification begins long before the community is threatened with closure.

In keeping with the Perry framework, these conclusions are organized under the following headings:

- Enhancing Access to Knowledge
- Developing Human Resources
- Locating Financial Resources

Within each grouping there are specific policy directions with application to communities.

The most important audience for this report is the leadership of the single-industry communities across Canada. If a bottom-up approach is to succeed, then it is this leadership which must take the initiative. Government programs, corporate and union goodwill, and assistance, as proposed in Chapters 7 and 8, will only work if they are linked to a community commitment to diversification.

There is ample evidence that some communities, particularly those faced with the possibility of decline, have been able to rapidly mobilize to achieve some positive results. The question is, can this process be generalized to encompass the leadership of communities not now currently threatened, but which will face similar problems in the long term? Can communities link themselves to knowledge resources to provide access to ideas for development?

To begin with, each single-industry community would do well to identify a forum, be it a local development group, the Chamber of Commerce, a citizens' committee, or some other mechanism, through which the diversification and long-term future of the community can be discussed. The process of dialogue will be extremely important in communities and it will be incumbent upon the leadership to ensure broad input into the process. No one stakeholder will be able to determine the outcome of a process affecting so many diverse groups. "Community entrepreneurship"[44] or community leadership is essential to energize efforts at a local level.

## Enhancing Access to Knowledge

In addition to a broad consultative process and community entrepreneurship, community leaders should carry out an inventory of the community's prospects and its resources, including knowledge resources, human resources, and financial resources. The outcome of such an exercise should be some creative ideas about how the community might be diversified. All available assistance from unions, companies, and various levels of government, should be tapped, as well as individuals. But while government is often an important resource, it is important that communities not distort their own ideas and initiatives in an attempt to meet government funding criteria. An essential element of the creative process of determining options is access to the broadest possible information to allow the community to answer the question: "How have other similar communities acted in similar circumstances?"

## Developing Human Resources

There are several levels on which the development of human resources can play a critical role in the diversification of single industry communities. Leadership training is an essential ingredient to build upon the natural leaders within communities and to enable skill development. As well, analytical training in project assessment and selection is extremely helpful to allow communities themselves to sort out the wheat and chaff of good and bad developmental ideas. As noted previously, the community's workforce may need to be partially or wholly retrained. These diverse training needs must be identified through community self-assessment if the community's human resource potential is to be developed.

Throughout, it must be recognized that a community's most important resource is its people. Ore in the ground, fish in the sea, or trees in the forest may be valuable resources, but none of them will be harvested without the skilled workforce ready to hand. Similarly, without a skills inventory and access to appropriate training or retraining, the diversification of the community will not easily be achieved.

Training services are available from a wide array of sources. Corporations may undertake training directly. Often corporations are financially assisted by governments in this task. Training infrastructure such as a community college or technical institute may exist within the community or provide services on an extension basis.

Where infrastructure does not exist there is the alternative of distance education, a concept well-suited to many single-industry communities. 'Distance' education is an area of rapid growth, driven by new technologies such as video cassette systems, teleconferencing, and computer networking. It is likely that a greater emphasis on extension and distance education will greatly assist remote communities in their training endeavours.

Unions can also be a major ally of communities in their retraining efforts. Formal provisions of collective agreements sometimes contain technological change provisions and time off with pay for training. For example, in the Lynn Lake Manitoba situation, the United Steelworkers, Sherwitt Gordon Mines, and the CEIC through their Job Strategy cooperated to retrain copper miners for a new gold mine.

Equally important, many Canadian unions engage in continuing education efforts of their own, both in subjects directly connected to union business and in other areas. Thus they can be an important source of information on the question of how to train and retrain mature individuals.

## Locating Financial Resources

For communities, the issue of financial resources is central to a new strategy of self-reliance and diversification. If the community is wholly dependent on external sources for financing, it is also likely to become dependent on external sources for ideas and expertise, and a community-based strategy will be doomed before it begins, since it will be forced to conform to the priorities and perceptions of others at a long distance from the community. This has been a continuing problem for many community endeavours in Canada which have failed or at least succeeded to a lesser degree than they could because they have had to conform to artificial or arbitrary criteria imposed on them by governments or by financial institutions remote from the community. (The East Central Alberta case study by the Economic Council provides a clear example of this problem.)[45] For this reason, it is important that communities seek to create their own source of seed capital, however modest, for early development efforts.

The key here is the leveraging of additional funds. If the community is able to create an initial pool of funds as its equity in a venture, these funds can be increased many times over by the use of leverage. Leverage funds are less likely to work against the nature of the endeavour undertaken. Funds borrowed from financial institutions or granted by government agencies may distort the community thrust. However, if the community's original equity is sufficient, it can secure the concept and direction of the diversification idea, and then there is less likelihood of a counter-productive change in emphasis.

Within the community, there are, as was noted earlier, many potential sources of funds. All should be tapped. The campaign to secure funds for the new diversification should take as a model the fund-raising campaigns launched by sophisticated non-profit organizations in this country. The group may well want to consult some of the available publications on how to put together a fund-raising campaign. Fund-raising campaigns to build buildings for ballet companies, theatre companies, and art galleries, to endow chairs at universities, or to create parks and museums all start with the premise that funds can be raised within the community. Similarly, funds are often secured from external agencies and corporations that operate within the community.

Central to this type of fund-raising effort is a broad-based network of volunteers who are willing to canvass to secure funds. Seeking funds for diversification is little different from seeking funds for any other aspect of community betterment. The central idea is that people should contribute towards something that make the community a better place to live. This is a very difficult appeal for public-spirited residents to resist.

The task of locating financial resources should begin with an inward focus on the community. Only when that base is secure should communities look to external sources, be they government agencies or lending institutions, for support.

## 7 HOW OTHERS MAY HELP: POLICY OPTIONS FOR GOVERNMENTS

The following discussion provides some overall directions for governmental regional development policy. A key point is that the criteria for the establishment of new communities should be much more stringent than they have been in the past. It is far better not to create unnecessary new single-industry towns than to deal with the problem of how to "salvage" these communities after the fact; hence the importance of exploring commuter models or other alternatives to the creation of new permanent single-industry communities. It is also important, given the large number of communities in potential difficulty, that governments look at how they may help diversify the base of these communities and decrease their vulnerability.

In keeping with the methodology adopted earlier, these conclusions are organized under the following headings:

- Enhancing Access to Knowledge
- Developing Human Resources
- Locating Financial Resources

## Enhancing Access to Knowledge

One idea worthy of consideration by all levels of government is the establishment of centres of excellence to assist communities with their diversification. Obviously, communities should be involved in the selection and operation of these centres of excellence. These centres could be established by building on existing institutes across the country. Some of these could take the form of existing rural institutes such as the Rural Development Institute at Brandon University, or resource-oriented institutes such as the Natural Resource Institute at the University of Manitoba. Other organizations which could be built upon include the Canadian Association of Single Industry Towns, which could meet many needs including serving as enhanced information clearinghouses. Cost-sharing agreements from governments could provide funding to these centres and organizations to undertake specific roles in gathering and making accessible various information resources.

## Developing Human Resources

The same centres of excellence listed above as sources of knowledge, as well as others with a reputation for training of a developmental nature, might well be considered for support by all levels of government on the basis of their contribution to single-industry communities. Some likely prospects include agencies such as the Cooperative College of Canada in Saskatoon, Saskatchewan; Malaspina Community College in British Columbia; and St. Francis Xavier University in Antigonish, Nova Scotia. These organizations, which generally have considerable experience with a wide range of adult training situations, are in an excellent position to make their expertise available to single-industry communities in their vicinity. Here again, however, it must be the community that initiates the activity. Training should not be imposed upon communities, but should be available to respond to their needs. Thus, the selection of appropriate training and training institutes should be made by communities themselves. Some examples of these types of training are lifeskills training, apprenticeship training in carpentry and other trades, and training for heavy equipment operators.

Government agencies with experience in retraining, such as CEIC, may be called on for support of technical assistance where appropriate and where such assistance does not conflict with larger community development objectives.

## Locating or Creating Financial Resources

Governmental action should start from the premise that there is a period of prosperity or at least a significant period of self-sufficiency for the typical single-industry community during which time these communities and industries can contribute towards the eventual adjustment costs they will face. Whether this could be by way of a levy on the finite resources being extracted or, more broadly, by a contribution from society as a whole in recognition of the peculiar problems, is a question worthy of further consideration. As well, it is reasonable to assume that successful economic diversification will be more likely if diversification efforts begin long before the community is threatened with closure.

In the past two years, governments have seriously considered a number of potentially innovative financial mechanisms to help in the adjustment of mine workers and mining communities. To date, this work has not been publicized quite so much as work pertaining to other non-mining single-industry towns, but, in most instances, the recommendations and analyses are completely applicable. The types of funds contemplated here run the gamut from the Swedish-type investment funds described earlier to various mining community reserve fund options, to a personal adjustment plan option similar to a registered retirement savings plan, and, finally, a labour-sponsored diversification fund, essentially a venture capital labour organization fund similar to Quebec's Solidarity Fund. The conclusions reached in the September 17, 1985 joint Manitoba/Canada paper are widely applicable to single-industry communities as a whole as well as mining communities, in particular.

The paper concluded that existing programs, which were largely designed for other purposes, were inadequate for dealing with the unique problems of mining communities, and so too with those of single-industry communities. It was also concluded that governments are already spending substantial sums on mitigating mining community problems. This could indeed be said of all single-industry towns.

## Other Policy Options

Clearly, the governments of Canada and the provinces, perhaps working through the Council of Resources Ministers or Industry Ministers or Mines Ministers, should develop guidelines to restrict the development of new single-industry towns in Canada. It would be useful if, in the process, governments were to consult with the Canadian Association of Single Industry Towns. The intent would be to achieve consensus on the criteria to be met before a new resource-dependent or single-industry town was created. While a number of provinces have in place guidelines at the moment, it would be more effective if efforts were made to obtain a national standard in this regard. Such a standard could provide more economically disadvantaged provinces with an ability to resist new town development. This could, in turn, over the very long term, reduce the number of difficult single-industry community situations that would occur.

Where governments or their Crown corporations are the single industry or dominant employer in a community, they should set an example by working actively with communities to assist diversification efforts. A policy set by the Government of Canada and made applicable to Crown corporations establishing a protocol for interaction with vulnerable communities would be an excellent starting point. The federal government could also urge the provincial and territorial governments to adopt a similar approach.

Communities through CASIT and directly have given advice to government on how information on all programs may be made accessible at the community level. As well, communities have asked that program dollars be as flexible as possible at the community level. Communities will need to continue their advocacy of this approach as well as undertaking to sensitize officials and programs to local needs. If communities want to increase local returns or value added, they will also need to have the rules of the game of dealing with government made as comprehensible as possible. But communities must first demonstrate initiative or staying power -- or both. Only then will the initiatives suggested for governments have a significant possibility of succeeding.

## 8 SHOULDERING BROADER RESPONSIBILITIES: POLICY DIRECTIONS FOR CORPORATIONS AND UNIONS

The most straightforward advice for corporations is that they not create any further single-industry towns without a prospect of sufficiently long life for the community to justify both the corporate expense and the governmental infrastructure expense and investment by individuals in housing. This idea has been implemented to a significant degree in the mining sector, where commuter operations are the norm for new mine development.

However, more general corporate resolve to avoid creating new time-limited single-industry communities would be one way of preventing a recurrence of many of the problems that we now face due to decisions made some years ago.

With regard to existing single-industry communities, the following general advice is tendered to corporations and to unions for their consideration. Corporations and unions should assist, as a matter of principle, diversification of these communities. Such assistance could be provided in the three specific areas referred to by Stewart Perry, as follows.

## Enhancing Access to Knowledge

Corporations can review their product mix to see if any further processing can take place in the community. This may lead to identification of opportunities. The experience of Alcan with SOCCRENT (Société en commandite de création d'entreprises), a $10 million risk capital pool designed to support the creation of new business in underdeveloped regions of Quebec, such as Saguenay-Lac St.-Jean, may be interesting in this connection.[46] Alcan established this venture in connection with other business partners (both national and local); its aim was not just to help start up new companies but to help create a positive environment for new business, one which would encourage young people to stay in underdeveloped regions rather than leaving as soon as they had finished school. Alcan has invested funds in SOCCRENT and has also provided it with certain staff support. It remains to be seen whether this model is one which other corporations might emulate.

Both corporations and unions should also draw on the experiences in other communities across Canada with a view to identifying potential diversification opportunities.

## Developing Human Resources

By lending their senior management and executive personnel's talents to diversification efforts through community boards, community development corporations, or other such instruments, corporations can be of great help. Unions can assist in a similar fashion.

As well, corporations may have their own internal human resource departments with training capabilities. These resources should be made available to the degree necessary to assist community efforts. Of course, corporations will be constrained by their own resource limitations in how much assistance they can provide.

## Locating Financial Resources

By providing some seed capital or venture capital to assist fledgling efforts within the community in the direction of diversification, corporations can greatly aid communities. As well, corporations, by joining with communities and unions, can add great credibility to financial requests to financial institutions both within communities and externally.

Unions' ability to provide direct financial aid is almost always severely constrained. However, a union may provide an organizational base for community fund-raising. In addition, in the Province of Quebec, labour unions, through the Solidarity Fund, have access to tens of millions of dollars of financing for business development. In other provincial jurisdictions such as Manitoba, assistance to employment cooperatives may provide a way for unions to help in locating financial resources.

Corporations should work closely with communities and unions to ensure that where a down-sizing or town closing is necessary, the adjustment process is carried out with the full and informed involvement of all parties. Corporations which take into account the views of all stakeholders are likely to be regarded as better corporate citizens than those which act unilaterally or arbitrarily.

## 9 CONCLUSION

> Something that was not touched upon today is the brain drain of these communities. Mining communities, someone mentioned it earlier, are good places in which to grow up. I think you will all agree that those communities have provided a stability and an education that produced a pretty hardy bunch. We have heard from first and second generation mining people here today. As I cross the country I meet professional people, chief executive officers of many companies, I could name drop if you like - yes, I will - the Desmarais and the Campeau's come from Sudbury! Some of the leading entrepreneurs in Canada have come from mining communities. What would have happened if many of these people had an opportunity to develop their own communities? Not much of that happens in the company towns in Canada. Those kids go on to other ventures, in other towns. Part of it, of course, is the immigrant dream, "My kid isn't going to work in the mine; he's going to be a professional and leave this area". However, many of the children would very much like to have stayed in those communities. But because they were single industry towns, there was no opportunity for them to return with the skills they had developed in the universities in the larger centres.
>
> Judy Erola, Vancouver, 1986

Judy Erola's comments do indeed raise the question of what would have happened if some of Canada's most dynamic entrepreneurs had stayed in smaller single-industry communities to develop their business empires there. This is certainly a question worth pondering. The community-based approach reviewed in this report would suggest that we look at additional indicators, as well. We should consider the health and diversification of single industry communities over the longer period of Canadian history. Would we be able to create a framework where the aspirations of communities can be achieved? Can communities mobilize themselves to achieve different outcomes than they have in the past? Can companies and unions see beyond their immediate interest to the longer-term interest of the community in which they operate? These are the types of questions that will not be answered by a report, that will only be answered over decades by concerted long-term action.

The broad conclusion of this report is that, to date in Canada, we have not done a very effective or comprehensive job of securing a future for single-industry communities. Will we do better in the future? The opportunity certainly exists. But does the political will? Can we apply the lessons learned to create a more secure and prosperous future for those who live and work in 1500 single-industry towns? There are certainly hopeful signs. The emergence of the Canadian Association of Single Industry Towns and the increasing interest from all sectors of the Canadian economy are both encouraging. Only time and events will tell the story in the end.

## NOTES: SECTION I

1. "Smoke-stack" chasing is a derogatory term applied to industrial/economic development efforts directed solely at attracting new industry.

2. Interview, Mr. Dwight Brown, Commissioner, Economic Development Commission, Kelowna, British Columbia.

3. Speech by F. Hale, Government of Alberta, CASIT Conference, Western Consensus Forum, Saskatoon, Saskatchewan, March, 1988.

4. Let's Recycle Our Throwaway Communities and Disposable Workers: Policies for Dealing with Mining Communities, Wade Locke, Royal Commission on Employment and Unemployment, Newfoundland and Labrador, 1986.

5. Canada's Single-Industry Communities: A Proud Determination to Survive, Canada Employment and Immigration Advisory Council, February, 1987.

6. Canada's Single-Industry Communities: In Search of a New Partnership, a follow-up report based on an interdepartmental forum presented to the Minister of Employment and Immigration by the Canada Employment and Immigration Advisory Council, March, 1988.

7. "Canadian Association of Single-Industry Towns" Newsletter. See Appendix A.

8. Occasional Paper Single-Industry Communities, Department of Regional Industrial Expansion, Ottawa, 1979, page 6, Table 2.

9. Ibid.

10. Ibid.

11. Canada's Single-Industry Communities: A Proud Determination to Survive, a report presented to the Minister of the Employment and Immigration Advisory Council, February, 1987, page 3.

12. New Financial Mechanisms for Addressing Mining Community Problems, Department of Energy & Mines, Manitoba, and Department of Energy, Mines & Resources, Canada, September 17, 1985, page vii.

13. Ibid.

14. Peter Drucker in Foreign Affairs, Spring, 1986.

15. Uranium City in northern Saskatchewan was entirely dependent on the uranium mining operations of Eldorado Nuclear, a federal Crown corporation. With the termination of mining activities, Uranium City abruptly became a virtual ghost town retaining only about 15 to 20 per cent of its previous population.

16. An excellent example of this is the 1984 Prince Rupert Grain Terminal Case (Canadian L.R.B.R. (NS) 1). Here, the changes were so radical that the Vice Chairman of the Canada Labour Relations Board who wrote the ruling said that they were like the move from horses and buggies to jet planes. For a discussion of this case, see Innovation and Jobs in Canada, the research report of the Labour Markets and Technological Change Group of the Economic Council of Canada (Ottawa: Supply and Services, 1987), pp.120, 122.

17. See p. 25 of Section I and Section II for more detail concerning the organization.

18. Canada's Single-Industry Communities: A Proud Determination to Survive, Canada Employment and Immigration Advisory Council, February, 1987.

19. Ibid., page 10.

20. Ibid., page 10.

21. Ibid., page 35.

22. Ibid., page 35.

23. Ibid., page 35.

24. See pages 11 to 12 of this paper.

25. Canada's Single-Industry Communities, page 51.

26. Let's Recycle Our Throwaway Communities and Disposable Workers: Policies for Dealing with Mining Communities, Royal Commission on Employment and Unemployment, Newfoundland and Labrador, Wade Locke, September, 1986.

27. Ibid., page 10.

28. Canada's Single-Industry Communities: A Proud Determination to Survive, Canada Employment and Immigration Advisory Council, February, 1987.

29. Ibid., pages 12 to 13.

30. Ibid., page 29.

31. Canada's Single Industry Communities: In Search of New Partnerships, Canada Employment and Immigration Advisory Council, March, 1988.

32. As presented to the 1986 Mines Ministers Conference.

33. "A Direct Comparison of Regional Development Principles - Federal/Provincial Governments or Canadian Association of Single-Industry Towns - Which One Makes More Sense to You?"

34. IRPP Conference, February, 1986, "Towns, Wheels, or Wings?"

35. Internal Manitoba Government Working Paper.

36. Community Futures Program Description, Government of Canada.

37. Ibid.

38. Article, "Maximizing Community Development Requires Professional Skills," by Paul Daigle, President, Industrial Developers' Association of Canada in Commerce Magazine, January-February, 1988.

39. Stewart E. Perry, "Community as the Basis for Regional Development," for Economic Council of Canada, p. 4.

40. Northern Miner, a film by Credo Group with Canadian Public Affairs Consulting Group, 1987.

41. Yukon 2000, A Case Study, for the Economic Council of Canada, Michael B. Decter, 1988.

42. IDAC, op.cit., article.

43. Jerry Gillies, Money-Love, Warsen Books, New York, 1978.

44. "Community entrepreneurship" is a term referring to the harnessing of the initiative or entrepreneurship of an individual or group to the challenge of broader community economic development.

45. Lloyd Baron and Marie Cadrin, "The East Central Alberta Economic Development Association", a case study by the Economic Council of Canada.

46. Adam LaPointe, "SOCCRENT: un outil de développement régional," speech presented to the Financing of Regional Development Meeting, Université de Québec à Rimouski, October 27, 1987.

## SECTION II: THE VULNERABILITY CHECKLIST

### 1. INTRODUCTION

The special problems of single-industry communities were discussed at some length in Section I of this paper. Time and time again, such towns have sprung to life, have developed into flourishing communities, and have attained a degree of maturity and stability -- only to fall victim to a sudden catastrophe or to slow economic decline. The alternate path leading to long-term stability (see Fig. 1, p. 62) has proved elusive to single-industry communities.

Single-industry communities have generally not been a high priority of federal regional development policy. Yet the 1300-1500 communities of this type in Canada constitute one of the nation's key economic strengths. Indeed, while international and national trends show an increasing movement toward the service sector, raw materials still account for many of Canada's exports and they represent a primary input for a large portion of our manufactured goods.

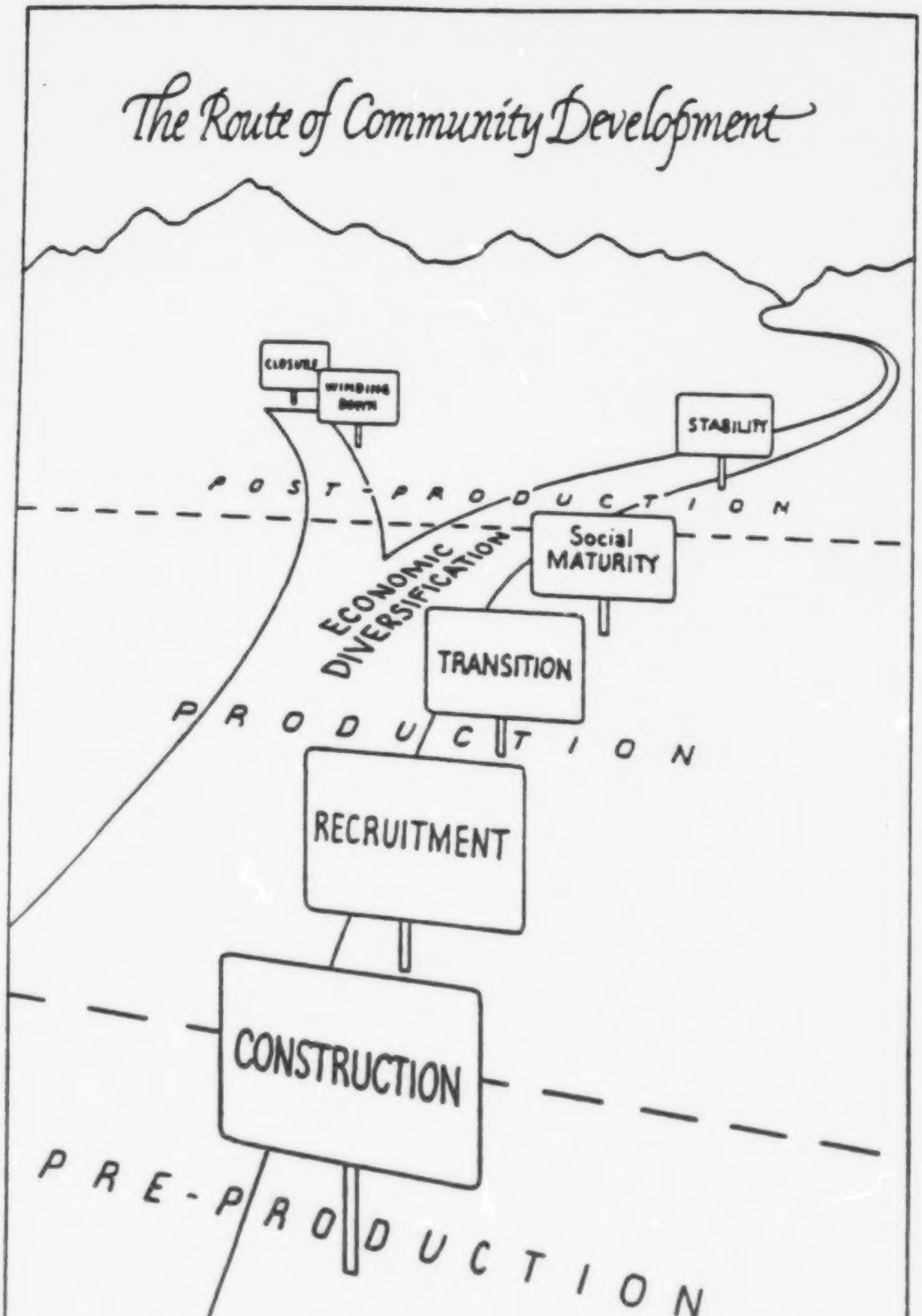

Figure 1: ROUTE OF COMMUNITY DEVELOPMENT

Government assistance to single-industry towns has generally followed two strategies: either attracting industries into a targeted community, or else reacting to specific crises. A transplanted industry, however, usually fails to draw upon the natural strengths of the region and its people, and crisis-motivated assistance is usually too little and too late. Thus in the final analysis, government intervention in single-industry communities has rarely been successful.

Within single-industry communities themselves, economic planning has also tended to be reactive. Only when thunderclouds appear on the horizon, in the form of industrial slowdowns and plant closures or a progressive decline in the number of local businesses and services, do local authorities begin to realize that a problem exists. When the seriousness of the situation finally hits home, a flurry of planning may take place -- community workshops, "action" and "planning" committees, lobbying for government assistance, feasibility studies on prospects and possibilities for economic growth. By then it is probably too late to avoid the inevitable -- the slow decline and death of a once healthy community.

As was noted in Section I of this paper, single-industry communities must start to appreciate the realities of their own situation and be willing to learn the lessons of history. The two keys to the long-term survival of such communities are long-range planning to encourage economic diversification and self-assessment to anticipate potential problems. The adoption of a philosophy based on community self-help, however, does not lessen the importance of support from all levels of government. Rather, although more supportive in approach, the role of government will continue to be pivotal, consisting of helping those communities willing to assume greater responsibility for their own development to find the path to long-term viability.

But how can communities that are most "vulnerable" to economic decline identify themselves? And, more important, how can the degree of vulnerability or potential vulnerability be measured, so that responses can be formulated for existing problems before the road to decline is irreversibly taken?

Essential to such an approach, therefore, is a self-assessment tool to enable communities to periodically gauge their present situation and to predict future problems on the basis of measurable yardsticks. Such a tool, because it is employed by the communities themselves, can provide another benefit: by quantifying and tracking developments themselves, communities can acquire a better understanding of the dynamics of their situation and the importance of proactive initiatives. In a sense, such an approach would also serve to "depoliticize" or rationalize local development, by encouraging anticipatory action based on economic realities rather than reactive action prompted by political pressure or human tragedy. It was with this goal in mind that the Canadian Association of Single-Industry Towns and the Economic Council of Canada undertook to develop a Vulnerability Checklist for the use of such communities.

The following chapter describes the process and results of the effort to develop a Vulnerability Checklist. The history of the concept is first described, following which the final form of the Checklist and the rationale behind it are discussed in some detail. Chapter 3 then addresses some questions related to a community's use of the Checklist. The results of a pilot test conducted among thirteen single-industry communities with an earlier version of the Checklist are then presented and methodological considerations are highlighted. The study is completed by a discussion of possibilities for improving the Checklist and for future development of the community self-assessment concept.

## 2. HISTORICAL BACKGROUND

As was noted in Section I, the Canadian Association of Single Industry Towns (CASIT) was founded in May, 1985 at a conference attended by sixty community representatives from across Canada and now speaks for more than one hundred such communities. Since its formation, CASIT has adopted a high profile, holding conferences and annual meetings and putting forward policy proposals. An example is its Frontier Development Policy, unveiled in the Fall of 1987.[1] In keeping with its goal of promoting a more secure future for single-industry communities, CASIT has always stressed the importance of local initiative and a preventive approach to crisis management. In 1986, the Association suggested to the Natural Resources Institute of the University of Manitoba that it support a graduate student proposal to develop a list of vulnerability and impact indicators for single-industry towns. The results were published in November 1987 under the title Vulnerability and Impact Indices for Single Industries: Mining Communities Model (Asselstine, 1987).

CASIT recognized the potential of the vulnerability indicators developed in the above document for providing communities with a better understanding of their economic base and a prognosis of their short and long-term economic health. It believed that by grouping vulnerability indicators into an easy-to-use "checklist", a valuable self-assessment tool could be developed. With the help of the Economic Council of Canada, CASIT undertook this project. The main goal was to develop a prototype of a Vulnerability Checklist for single-industry communities in Canada. Specific objectives were:

- to select indicators of community vulnerability;
- to develop a system of ranking individual communities according to their degree of vulnerability; and
- to conduct a pilot test in communities to determine the usefulness of the Checklist.

The Vulnerability Checklist drew extensively upon Asselstine's (1987) work. A preliminary list of indicators was tested in the Town of Kirkland Lake, Ontario, and certain indicators were also tested in two native economic development projects in northern Saskatchewan. The completed first draft was reviewed by the Economic Council of Canada and CASIT members. Their comments, including suggestions for additional indicators, led directly to the second draft of the Checklist. The practical expertise and insight provided by members of the Association were also incorporated into the second draft.

Because the Checklist project was considered experimental in nature, no attempt was made at the drafting stage to restrict indicators to those for which information would likely be readily accessible. In the end, the task of determining the information available at the community level and where it could be obtained constituted a valuable learning experience for the local people involved. Feedback from the communities gave the Checklist designers some indication of what information communities could access easily and what information they found most useful. It also became clear that the Checklist could help communities to pinpoint areas where their knowledge was deficient.

The second draft of the Vulnerability Checklist was used in the pilot study of thirteen single-industry communities in Canada. The results are presented in a subsequent section of this paper. After the pilot study, third and fourth drafts of the Checklist were prepared to incorporate comments from the study communities and from the Economic Council of Canada. The final draft of the Checklist constitutes Appendix F of this document.

## 3. OVERVIEW OF THE CHECKLIST

The basic purpose of the Checklist is to act as a guide for identifying areas of community vulnerability. To achieve this objective, it uses an inventory of 35 indicators designed to assess the "development context" of the community at a particular point in time. The Checklist becomes most useful once data are collected for at least two periods (usually, successive years), since then a rudimentary "trend line" of the community's development can also be established on the basis of change in the indicators.

## Three Components of Vulnerability

For the purposes of this discussion, vulnerability is taken in its widest sense; a vulnerable community is one running the risk of entering into irreversible decline. As discussed earlier, any single-industry community is inherently vulnerable. The problem is to monitor and manage the degree of vulnerability.

The indicators comprising the Checklist are grouped under three broad categories of vulnerability:

- vulnerability of the local industrial base;
- economic diversification of the local economy; and
- the community's development environment.

Table 1 lists the three components of community vulnerability with their corresponding subcomponents and indicators. The first vulnerability component concerns the long-term viability of the community's single industry in terms of the availability of its primary inputs and the characteristics of its industrial base. The second component assesses the degree to which economic diversification has been achieved in the community, since this is the major indication of the community's economic resilience. The third vulnerability component deals with the physical, social, and

## TABLE 1

## COMPONENT INDICATORS OF THE COMMUNITY VULNERABILITY CHECKLIST

### 1. VULNERABILITY OF THE INDUSTRIAL BASE

#### 1.1 Characteristics of the industrial base

- Primary resources ranking

#### 1.2 Industry investment

- Research/development/exploration investment per production employee
- In-house training investment per production employee

### 2. VULNERABILITY OF THE LOCAL ECONOMY

- Diversification rating
  (number of sectors accounting for at least 10% of labour force)

### 3. DEVELOPMENT ENVIRONMENT

#### 3.1 Community maturity

- Retirement workers
- Older workers
- Out-migration of younger people

#### 3.2 Community vitality and spirit

- Population change (annual)
- Population change (five-year change)
- Percentage of population on welfare
- Change in number of taxfilers (annual)
- Change in number of taxfilers (five-year change)
- Unemployment insurance as a source of income
- Change in total value of housing permits
- Housing vacancy rate
- Commercial unit vacancy rate
- Rental rate of private households
- Crime rate
- Local business support factor

#### 3.3 Community accessibility

- Transportation infrastructure

#### 3.4 Local control of development initiatives

- Company/monopolistic ownership/government control of land and resources
- Availability of development dollars

#### 3.5 Entrepreneurial spirit and small business supports

- Number of small business openings
- Number of business closures
- Availability of skills training and business advice
- Municipal spending on economic planning and development

#### 3.6 Socio-political environment

- Active development organizations and committees
- Number of "specialized development" meetings held
- Number of "public" meetings held
- Public participation in the development process
- Public investment money raised locally
- Public investment money raised provincially
- Public investment money raised federally
- Private investment money raised

political characteristics that collectively define the development environment.

These three components of vulnerability should not be taken as definitive or exhaustive, since there are many other factors that could play a role in a particular community. For example, Canadian government policy with respect to natural resource industries would have a significant impact on the long-term viability of a resource-dependent community. And, certainly, there are a number of different ways that community vulnerability could be interpreted and described. For present purposes, however, the selected categories and individual indicators within these categories provide a good overall indication of a community's degree of vulnerability. Emphasis has been placed on areas of community vulnerability where local people can take action and effect positive change.

## Community Development Context

As mentioned earlier, the Checklist first focuses on the development context of a community in order to construct a clear picture of where it stands in terms of the three components of vulnerability. This is the function of Section 1 of the Checklist. For example, given a community where:

- the community's single industry has a short production horizon (i.e. less than five years) and does not locally invest capital into innovative technologies and employee training;
- there is no significant diversification of the local economy; and
- there is an adverse social, physical and political environment for development initiatives,

then the community in question is facing serious development limitations and is highly vulnerable to future decline. Such a single-industry community could be said to be following the left branch on the development route (Figure 1, p. 62), leading ultimately to closure. The alternative route of development, leading to stability, can be chosen only if the permanent residents of the community are willing to take the initiative to build a more diversified and stable economy, and if the resources, natural or human, can be found or developed.

Section 2 of the Checklist provides a "summary record" form for keeping track of indicator measurements. Once data for at least two time periods have been collected, a vulnerability rating or "trend line" can be drawn.

## Community Trend Line

An even more accurate picture of where the community stands in terms of vulnerability can be seen when Checklist data for two or more time periods are compared. By analyzing change in the various indicators of the Checklist over time, potentially dangerous trends requiring planning and action may be identified. Section 3 of the Checklist is used to accomplish this task. For example, even though a given community may present a relatively positive profile in terms of its current development context, there may be trends over time that indicate proactive measures are warranted: a declining population, reduction in the number of tax filers, and falling value of building permits, for example. Such a trend line would be especially worrisome if it coincided with imminent resource depletion and if the community were not taking steps to develop alternative job opportunities or to create a more positive environment for development. While it is up to community members to chose the future course of their community's development, the Checklist provides a planning guide for identifying potential problems and effecting change.

## Limits

It is important to note some caveats regarding an indicator-based assessment system such as this one. Such a system cannot take the following possibilities into account:

- First, that certain indicators may play a more important role in determining community vulnerability than others; in other words, that the indicators are not weighted. Thus it is possible that a single indicator is or could become a predominant factor in the future well-being of a community.
- Second, that a negative trend in one indicator could act as a catalyst, setting off negative trends in other indicators. A sharp increase in out-migration, for example, could precipitate a domino effect among other development factors.

Until further research clarifies the nature of the relationship between the various components of development, the system of community ranking used in the Checklist is best considered as a guideline to possible areas of vulnerability in a particular community rather than an exhaustive analysis of all factors affecting local development.

Another disadvantage of the Checklist is the system used to draw the trend line (which is discussed in more detail in the following section). On the basis of change in indicators over time, a value of either "0"or "1" is assigned for each. Such "arbitrary" measurements are simple to calculate, but have some limitations. In particular, the distance between values is not taken into consideration, so that, for example, a community whose business creation rate fell 10 per cent would receive the same trend-line score as another experiencing only a 5 per cent decline.[2]

It must also be noted that the focus of this type of assessment on communities necessarily excludes macro-economic factors from consideration. However, federal policies in such areas as taxation and income security have an important impact on regional economic development. Furthermore, one of the lessons of the last two decades has been that international "shocks," such as the double oil shocks of the 1970s, and the enormous changes in commodity prices in both the 1970s and 1980s, can have far-reaching, sometimes devastating, effects on resource-based economies. However, the key to resiliency in the new globalized economy is diversification, and here the Checklist can be of some assistance. A more diversified local economy is apt to be relatively less vulnerable to adverse macro developments.

## 4. USING THE CHECKLIST

### Completing the Checklist

When a community undertakes to complete the Checklist, two important questions immediately arise: how to determine what information is available and obtain it, and who should undertake the task of completing the Checklist. Until adequate information sources are inventoried or developed for each community, the Canadian Association of Single Industry Towns expects to be called upon to assist communities.

The question of who should complete the Checklist is more difficult: should it be the mayor, the economic development officer, the secretary-treasurer, the president of the chamber of commerce, or another community representative? As well, the particular responsibilities of the various positions may leave the incumbent open to specific community expectations and criticisms, a factor that could bias reporting. The influence wielded by the person (or group of persons) in the community may play a role in how thoroughly the Checklist is completed and how well it is received. One alternative is to engage a third party to complete the Checklist. While this last strategy undoubtedly reduces the danger of biasing community information, it also runs the risk of introducing a degree of distance between the Checklist and the community involved, which conflicts with its express purpose of encouraging local self-help. A greater danger is that the third party might not be able to collect the appropriate information because of a lack of knowledge of the community.

## Establishing a Community Trend Line

While the information that the Vulnerability Checklist provides on a community's "development context" (i.e., its current situation) is often valuable, the Checklist has been specifically designed to provide an overall rating for a community based on observed trends in the indicator's measured at different time periods. This "trend-line" type of rating system was adopted for two main reasons. First, no comprehensive study has so far come up with a definitive set of indicators for synchronic assessment of vulnerability; and second, analyzing change in indicators over time allows trends to be extrapolated into the future, thus providing an indication of where a community is headed in terms of development.

The actual assessment of a community trend line is extremely simple: a value of 1 is assigned if the observed trend in an indicator measurements is considered undesirable for a community's development, and no score is given (i.e., 0) if the observed trend is regarded as a positive one. For example, if between 1986 and 1987 it was observed that the number of business openings in a community was on the decline, the community would receive a score of 1 for this indicator. In contrast, if the number of business openings had increased, a 0 would be awarded. Thus the maximum possible score of a community is the total number of indicators, or 35. According to this system, the lower the score, the better the community's prospects for continued social and economic development.

In the event that successive observations for a particular indicator show no change, the person completing the Checklist is instructed to consult the Checklist's Appendix 2, "Interpreting Static Indicator Measurements." Here are listed, for each indicator, levels that could represent a negative trend. For example, should the Diversification Ratio show no change over time, but its level can be termed a "low rating," then the trend should be considered a negative one, and a "1" should be entered for this indicator.

## 5. PILOT TEST: METHODOLOGICAL CONSIDERATIONS

The Vulnerability Checklist was used in a pilot test involving thirteen Canadian communities: Lynn Lake, Manitoba; Gold River, British Columbia; Jans Bay, Saskatchewan; South End, Saskatchewan; Norman Wells, Northwest Territories; Pine Point, Northwest Territories; Corner Brook, Newfoundland; Labrador City, Newfoundland; Trenton, Nova Scotia; Creighton, Saskatchewan; Hearst, Ontario; Ear Falls, Ontario; and Kirkland Lake, Ontario.

The responses of these communities to the Vulnerability Checklist provided some valuable insights into its degree of usefulness. Of the thirteen communities selected for the pilot test, only three returned completed checklists by the requested deadline, while two other communities submitted completed checklists after the deadline. Of these five responding communities, three had to contact CASIT for assistance and explanation of specific indicators.

An analysis of the five completed checklists revealed that, of the 32 vulnerability indicators, on average 24 were completed properly, 4 were completed incorrectly, and 4 were left blank.

The questions that were most often left blank or completed incorrectly, indicating a definite need for revision, were the following:

- In-house training per production employee
- Change in number of taxfilers
- Unemployment insurance as a source of income
- Crime rates

Other questions that frequently presented difficulty to the five communities, indicating the need for additional clarification, were the following:

- Retirement
- Older Workers
- Out-migration of younger people
- Population change
- Transportation infrastructure
- Private investment money raised

There appeared to be some difficulties encountered in responding to the above questions. In certain cases (such as information on in-house training per production employee), either the data were hard to obtain or else respondents did not know how to calculate the required figures from the available data. In other cases, it is possible that the wording or description of the question was unclear, and respondents did not understand what was being asked.

The comments from each of the five communities were most helpful and their suggestions were taken into account in composing the final draft of the Checklist. Telephone calls to four of the communities that had not returned completed checklists were also enlightening. In particular, respondents mentioned that: the Checklist was too time-consuming for existing human resources; the Checklist was too complicated; and the social statistics and company investment records requested were impossible to obtain. In one instance, the completion of the Checklist was being held up because it had to be circulated to different community representatives so they could fill out specific areas. Each of the communities contacted indicated that they intended to complete the Checklist eventually and send it to CASIT as requested.

Based on the completed and returned checklists and the telephone conversations with the four community representatives, it became clear that the Vulnerability Checklist needs to be further refined to achieve maximum usefulness. The mere fact that two-thirds of the communities in the pilot project failed to complete the Checklist completely and correctly points to a significant "user-friendliness" problem. Some of the potential directions for the Checklist concept will be discussed in the following section.

## 6. IMPLICATIONS AND FUTURE DEVELOPMENT

### Lessons from the pilot project

A number of lessons were learned from the pilot project. The main one is clearly that the Vulnerability Checklist as it now stands (Appendix F) is too difficult for most communities to be able to complete it. It is clear that gathering the information needed to complete the Checklist is not a trivial task. Indeed, in many cases, communities do not know how to go about obtaining the information requested. This suggests the need for outside expertise, at least in the early stages, to help communities gather and calculate the necessary data, complete the Checklist, and interpret the results. Such expertise might be provided either by CASIT itself or by another appropriate organization.

Two alternative ways of making the Checklist more accessible to communities are worth some consideration. The first would be to maintain the Checklist in a format similar to that presented in the final draft, but, as suggested above, to have CASIT or another organization formally work with the single-industry towns involved to assist them with its completion. Face-to-face interviews or telephone interviews could be held with community representatives during the process. Regional workshops could also be held to instruct communities on the value, utilization, and completion of the Checklist. These efforts could be supplemented by more general training in community self-assessment methods.

The second alternative would be to reduce the complexity of the Checklist to make it easier to fill out. Certain parts of the Checklist, for instance, could be reformatted in multiple-choice of "yes/no"form, instead of requiring the respondent to write in numbers. Such changes, it is worth noting, would make it easier to computerize part or all of the Checklist -- another suggestion made by the Economic Council's Regional Development team. A computerized Checklist would be easier and more economical to "score" and would offer certain other advantages as well. For example, once the Checklist had been computerized, it would be relatively simple to add a module to generate charts and graphs based on any given community's data. In this way analysis of the data might be greatly facilitated.

At the same time, it cannot be stressed enough that neither the adoption of a multiple-choice of yes/no format nor computerization offers a panacea to the problems communities have had with the Checklist to date. To begin with, some questions could probably not be accommodated in a multiple-choice format and would continue to require more detailed written responses. More fundamentally, even the most creative changes in formatting cannot address the most serious problem of all -- that of obtaining the relevant data in the first place. There is no point in pretending that data on company or government control of land and resources, availability of venture capital, or the availability of skills training and business advice (to name just three of many areas addressed by the Checklist) will ever be as simple to obtain as standard employment and income data. Assistance from CASIT or other organizations can help the data-gathering process, and creative changes in format can make it somewhat easier for municipal officials to complete the Checklist and quite a bit easier for them to interpret it after completion. But while such changes can make community self-assessment more manageable, they can never make it easy: the process will always require considerable detailed knowledge of community strengths and weaknesses and a careful exercise of judgement as well.

What can be said is that regardless of the future format of the Vulnerability Checklist, it clearly must become more "user-friendly." As an example, visual or graphic representations of indicators and their trends could significantly help convey their meaning and the related trends that a community should be concerned about.

## CASIT initiatives

CASIT is following up on vulnerability indicators for single-industry communities through several initiatives. It is currently working on a comprehensive list of single-industry towns. The data base includes a number of key vulnerability indicators such as population and labour force decline, and number of taxfilers with Unemployment Insurance as source of income. In both its 1987 and 1988 reports, the Canada Employment and Immigration Advisory Council made a number of recommendations about developing a data base for single-industry communities. CASIT will be incorporating these recommendations, as well as the results of its project for the Economic Council of Canada, into its current work on data base development and vulnerability profiles with Compusearch Economic and Social Research Limited.

CASIT also intends to pursue the vulnerability concept in the form of a joint project with the Federation of Canadian Municipalities (FCM). These two national organizations are in the process of designing, developing and testing a Community Awareness Program for Single Industry Towns and will be publishing a Community Self-Reliance Handbook. The Community Self-Analysis phase of this project will include some additional work on the Vulnerability Checklist.

CASIT also believes that negative or positive attitudes influencing investor confidence in a community or region may sometimes outweigh economic factors in determining the future course of development. In the future, it is planned to supplement the Vulnerability Checklist by a Community Attitudinal Survey to help the community identify and measure residents' attitudes and track investor confidence. This will be included in the forthcoming Community Self-Reliance Handbook published by the FCM and CASIT.*

## Conclusion

The Vulnerability Checklist concept shows great promise as a self-assessment tool for single-industry communities. It also might be considered an educational tool, not only for municipal administrators themselves, but for the people of the communities.

For example, public meetings could be held to discuss the results of the Checklist, the actions that might be required, and those people who should be assigned the responsibility for carrying them out. Local newspaper coverage would also provide an ideal way to communicate the meaning and significance of the Checklist to the greatest possible number of community members. Inter-community comparisons of ratings represent another method of stirring up interest.

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* Just as this paper was going to press, we learned that CASIT, together with the Federation of Canadian Municipalities and the Entrepreneurship Institute of Canada, has developed a three-part Community Crossroads Decision System comprising a Training Manual, a How-to Workshops Guidebook, and an Orientation Seminar Guidebook. Funding assistance for these publications was provided through the Innovations program of Employment and Immigration Canada. Unfortunately this material reached us too late to be included in the current paper.

The philosophy underlying the Vulnerability Checklist, and in fact the whole concept of community self-assessment, is that community awareness and self-reliance are the cornerstones of growth from within -- the mode of growth that appears to offer the best promise of successful and sustainable economic development within Canada's highly diverse regional mosaic.

This paper also pointed out some of the methodological problems that need to be ironed out before the Checklist becomes an important and useful development tool. Along the same lines, it is worth mentioning other research taking place at the Economic Council and outside. Current research on development indices, community-oriented cost-benefit analysis, and sub-provincial data gathering serve to indicate that the current emphasis on the local level is increasingly being supported by appropriate development tools.

## NOTES: SECTION II

1. Canadian Association of Single Industry Towns, Working Towards a Frontier Development Policy for Canada, Federal Interdepartmental meeting to address CEIAC Report, sponsored by the Canadian Employment and Immigration Advisory Council, October 21, 1987.

2. For a detailed discussion on the particular merits of nominal measurements of indicators, see Lamontagne, F. and Tremblay, C., "Development Indices: A Quebec Regional Comparison", prepared for the Economic Council of Canada, 1989.

# APPENDIX A
# CANADIAN ASSOCIATION OF SINGLE INDUSTRY TOWNS: OBJECTIVES & PRINCIPLES

## OBJECTIVES

1. To help provide a more secure future for people living in single industry towns and resource dependent communities in Canada;

2. To speak with a unified voice for the common good of all people living in single industry towns and resource dependent communities in Canada;

3. To create a public awareness in Canada of the importance of the primary resource sector to our overall economic health and social well being and of the importance of the people and companies who develop and harvest these resources;

4. To help promote a new era of resource development and to maximize the resource development potential in or near single industry towns and resource dependent communities;

5. To share ideas and initiatives among our members and to support each other's priorities;

6. To encourage long term planning, economic development and industrial diversification of single industry towns and resource dependent communities;

7. To assist communities and governments to develop and improve crisis response mechanisms for single industry towns and resource dependent communities facing cut-backs or closure situations;

8. To help communities and governments assess and help resolve the many social dilemmas being faced by people living in single industry towns and resource dependent communities; and,

9. To impress upon people living in single industry towns and resource dependent communities that they must rely on their own initiative, commitment and long term planning to save their home town, not governments.

## OPERATING PRINCIPLES

1. We are a non-profit, grass-roots organization, started by a group of concerned people just like you, open to ALL people concerned about the wide range of issues affecting single industry towns and resource dependent communities in Canada.

2. We will strive to form a consultative and working partnership with all levels of government, industry, labour and community, and other organizations to cooperatively pursue our Association's goals.

3. We endorse a non-sectarian philosophy and support no one political party, candidate or viewpoint.

4. It is our express desire to provide a balanced and reasonable approach to effectively address the concerns of all people living in single industry towns and resource dependent communities regardless of their association, affiliation, business, employment status, sex, age, race, national or ethnic origin, colour, religion, marital status, disability or beliefs.

## APPENDIX B

## REGIONAL DEVELOPMENT PRINCIPLES OF THE FEDERAL/PROVINCIAL GOVERNMENTS

### FED/PROV PRINCIPLE 1

The Federal and Provincial Governments view regional economic development as a high priority among national and provincial economic goals.

### FED/PROV PRINCIPLE 2

The overall objective of regional development is to improve employment and income through sustainable economic activity based on realistic opportunities in each region.

### FED/PROV PRINCIPLE 3

Initiatives should be developed through consultation and discussion to assist Canadians in the less developed regions to achieve greater economic security based on economic opportunity.

## FED/PROV PRINCIPLE 4

Closer Federal-Provincial co-operation should be achieved by harmonizing all regional development efforts.

## FED/PROV PRINCIPLE 5

All major national policies should be judged, in part, in terms of their regional impact, and, as so far as is possible, those policies should reinforce the goal of fair and balanced regional development.

## FED/PROV PRINCIPLE 6

Particular emphasis by governments should be given to improving the investment climate, to removing impediments to growth, and creating opportunities for the private sector to contribute to maximum economic growth in all parts of Canada.

## FED/PROV PRINCIPLE 7

Continuing consultation with the private sector should focus on policies in areas such as innovation, exports, marketing, productivity and training with the overall purpose of developing concerted strategies for growth and adjustment.

## FED/PROV PRINCIPLE 8

Governments should explore opportunities for increasing interregional trade and eliminating barriers between provinces.

## FED/PROV PRINCIPLE 9

Transportation is recognized as a key to regional economic development.

## FED/PROV CONCLUSION

The principles contained herein have been affirmed by all governments and will form the basis of a concrete and meaningful action plan to address the issue of regional economic development.

Source Canada's Single Industry Communities. A Proud Determination to Survive. Report presented to the Minister of Employment by the CEIC Advisory Council, 1987.

## APPENDIX C:
## REGIONAL DEVELOPMENT PRINCIPLES OF THE CANADIAN ASSOCIATION OF SINGLE INDUSTRY TOWNS

### PRINCIPLE OF LEADERSHIP

The communities in our rural and remote regions recognize that little or nothing will be developed in their regions unless they themselves take the lead and also that the senior levels of government respect their leadership role once the communities have assumed it.

### PRINCIPLES OF DECISION MAKING

Only people living in rural and remote regions have the right and the responsibility to decide how their regions should be developed.

Senior governments should only intervene when the people in the region fail to exercise their rights and responsibilities and/or when such intervention is essential to the freedom and security of the province and the nation.

If people living in the cities want a say in how the rural and remote regions should be developed then they should move out into the regions.

## PRINCIPLE FOR OUR CHILDREN

The communities in our rural and remote regions are responsible for developing and implementing long term economic development plans which will help to make the region a better place to live and work for this generation and the next.

## PRINCIPLE OF THE ENVIRONMENT

The communities in our rural and remote regions will actively discourage development initiatives which cause significant damage to the environment and will not permit mistakes to be made which we will have to ask our children to clean up.

## PRINCIPLE OF CO-OPERATION

The communities in our rural and remote regions will identify common goals and constraints to development and will work together to achieve the common goals and overcome the constraints.

## PRINCIPLE OF SHARING RESOURCES

The communities in our rural and remote regions will share the resources of the region between all communities in the region on a fair and equitable basis.

## PRINCIPLE OF SHARED SAVINGS

If communities in our rural and remote regions can show that they have saved the government money, then the government should share a percentage of the savings directly with the communities in the region.

## PRINCIPLE OF FLEXIBLE FUNDING

The communities in our rural and remote regions don't need a government program for every problem they have. They need flexible funding mechanisms which will enable them to pursue their own priorities at their own speed.

Our communities are committed to initiating and controlling their own development funds and this initiative should be recognized and rewarded by the other partners in regional development.

## PRINCIPLE OF DECENTRALIZATION

The communities in our rural and remote regions will actively support a policy of decentralization as opposed to urbanization.

We support a concept of using our existing communities as a base for future development of our frontier and are opposed to further withdrawal from our communities and erosion of private and public services to our communities.

## PRINCIPLE OF SELF-SUFFICIENCY

The communities in our rural and remote regions will actively pursue development initiatives which assist the region to become more self-sufficient.

## PRINCIPLE OF IMPORT REPLACEMENT

The communities in our rural and remote regions will actively pursue development initiatives which replace imports into the region.

## PRINCIPLE OF BUYING LOCALLY

The communities in our rural and remote regions will actively pursue policies and programs which encourage people to re-invest their money in the area and encourage people to buy locally.

## PRINCIPLE OF ADDED VALUE

The communities in our rural and remote regions will actively pursue development initiatives which add value to the resources available in the region before they are exported to the cities.

## PRINCIPLE OF RESOURCE EXPORT

The communities in our rural and remote regions will actively discourage the export of goods and materials from the region which are not deemed to be in anything but their finished state.

## PRINCIPLE OF LOCAL CONTROL

The communities in our rural and remote regions will place more priority on locally controlled business and industrial development than on mega-projects controlled by foreign companies or countries.

## PRINCIPLE OF MARKET RESEARCH

The communities in our rural and remote regions will priorize their research efforts to identify solid market information in order to direct local entrepreneurial spirit and energy into the areas of highest opportunity.

## PRINCIPLE OF REGIONAL TAXATION

The further away people live from an urban centre the less tax they should pay.

## APPENDIX D
## SINGLE INDUSTRY TOWNS: COMMUNITY FUTURE PROGRAM ELIGIBILITY CRITERIA

The criteria used for selecting recipients of Community Futures Program assistance is set out in the program's legislation. For a community to be eligible for funding four criteria must be met:

1. The community must exhibit chronic or acute unemployment. The level of unemployment must be judged by program officials to be substantially greater than the provincial average. As well, it must be apparent that the community is not equipped to address the problem on its own.

2. The community must be outside of metropolitan areas (as defined by Statistics Canada) and distant from healthy labour markets (i.e. not within reasonable commuting distance.)

3. The community's lack of ability to deal with its unemployment problems does not have to be demonstrated in an empirical/ quantitative manner. It is at the discretion of program officials to accept proposals which demonstrate (in a narrative form) that the community in question would benefit from Community Futures Program assistance and that similar assistance is not available or appropriate from other sources.

4. In order to achieve a consistent method of discerning eligible and non-eligible communities, a formula based on UIC and social assistance data is used to determine degrees of need.

Unfortunately, the number of communities in need of CF program assistance usually exceeds the level of available funds. Therefore, a method of priorizing communities is necessary to determine those in greatest need. This is done on a regional basis and within each region these factors are taken into consideration:

1. The regional status of the community. Communities that are seen to be in areas of regional disadvantage are given a higher priority. As well, consideration is given to the jurisdiction of other government regional development programs over the community in question.

2. Analysis is made to determine the level and duration of the unemployment situation.

3. Extraneous impacts of chronic/severe unemployment.

4. Nature, severity and/or immediacy of the economic problems facing community.

5. Potential for program success within the community. This is reflected in the nature of the community's infrastructure, business potential and plans for development.

6. Consistency of community with the program's equity philosophy.

7. Support from other development programs.

8. Limits of CF program resources.

9. Ability of community to effectively establish necessary organizational studies.

10. Community's past experience with development and programs.

In summary, the decision to provide CF program funding is not strictly based on quantitative economic criteria, but is a reflection of normative, historical, social and objective consideration.

# APPENDIX E

## POLICY OPTIONS

Work by William J. Coffey and Mario Polèse on local development provides valuable insights to the issue of stimulating local development. Coffey and Polèse propose three policy options for local development and note that these options, while separable, are not mutually exclusive and can be combined in a complementary fashion. Table A-1 from work by Coffey and Polèse sets out three policy options in their triumvirate: funding, information, animation. This work provides an important complement to the Stewart Perry work.

Table A-1

Three Policy Options for Local Development

| | Option 1: Funding | Option 2: Information | Option 3: Animation |
|---|---|---|---|
| Target group (the direct "beneficiary") | Small business | The population at large | Community groups |
| Main obstacle to be removed | Shortage of capital | Lack of information, difficult access to information | The region s inability to organize itself, to generate entrepreneurs |
| Priorities | 1. Financing<br>2. Information<br>3. Organization | 1. Information and training<br>2. Organization<br>3. Financing | 1. Organization<br>2 . Information and training<br>3. Financing |
| Implementation Vehicles | Quasi-banks, preferred loans, grants | Professional training, scholarship, aid to education, modern technologies for transmitting information | Local development organizations (LDOs) |
| Evaluation criteria | Profit-making potential in projects | Internal criteria related to furnishing of services | Heterogeneous criteria; long-term potential to general growth |

Coffey and Polèse suggest a sequential development process where different instruments are targetted to different objectives. For example, the main obstacle to be removed for small business is shortage of capital. With the Coffey-Polèse approach, there is an action agenda generated for each group within the community sector.

Source: W.J. Coffey and M. Polèse, "Local Development: Conceptual Bases and Policy Implications" in Regional Studies, 19:2 (1985), pp. 85-93.

# APPENDIX F

## COMMUNITY VULNERABILITY CHECKLIST

## GUIDE FOR DATA COLLECTION

## COMMUNITY VULNERABILITY CHECKLIST - GUIDE FOR DATA COLLECTION

### Section 1: Measuring Community Vulnerability

### Introduction

The purpose of the Community Vulnerability Checklist is to alert community leaders to areas of community vulnerability. There are, in total, thirty-two vulnerability indicators. This "Guide for Data Collection" provides specific guidelines for collecting data for each of these indicators.

Indicator measurements are calculated each year. For several of the indicators, it is necessary to calculate annual changes in measurements. In some cases, it is not possible to use an actual measurement (e.g. community support of local businesses) and a more subjective scale of responses (1 - 10) must be used. A five-year planning horizon has been suggested in order to follow trends in the indicator measurements. It would be very useful, however, to calculate indicator measurements for five and ten years preceding the first year of the planning horizon in order to illustrate current trends. Following completion of the data collection process, the indicator measurements are recorded in the Annual Summary.

## 1. VULNERABILITY OF YOUR INDUSTRIAL BASE

For an industry to be viable in the long term, it must have a reliable supply of its primary inputs. Communities that service industry based on non-renewable mineral resources are especially vulnerable if the quantity and quality of the ore-body begins to decline. Exploration efforts that identify additional mineral resources that extend the production horizon, and local investment in new technology and skills training are indicative of industry commitment to its long-term viability.

Although renewable resources, such as wood and wildlife, are not of a finite nature, they are susceptible to periodic effects of fluctuating demand and supply factors and are sensitive to private and public management policies that can affect long-term viability. In these instances, investment into new technology and employee training are indicative of a company's desire to maintain or improve its competitiveness and long-term viability.

### 1.1 Characteristics of the Industrial Base

There are three major characteristics of a community's industrial base that are indicative of its strength; (1) the level of resource diversification; (2) if the resources available are non-renewable or renewable; and (3) the production horizon of the the resource (i.e. the number of years of proven economic resources remaining).

Using the following table, describe the primary resource(s) your community is dependent upon, indicate if the resource is non-renewable (measure of 1) or renewable (measure of 2) and the corresponding number of years of proven economic supplies remaining for each of the resources identified.

The final Primary Resources Ranking is calculated by adding together the three column totals.

*** Primary Resources Ranking ______**

| | LEVEL OF RESOURCE DIVERSIFICATION | NATURE OF PRIMARY RESOURCE | PRODUCTION HORIZON |
|---|---|---|---|
| | Primary Resource Type | Nonrenewable = 1<br>Renewable = 2 | Years of proven economic supplies |
| RESOURCE 1 | | | |
| RESOURCE 2 | | | |
| RESOURCE 3 | | | |
| RESOURCE 4 | | | |
| RESOURCE 5 | | | |
| | ______<br>TOTAL NUMBER OF RESOURCES | ________<br>MEASURE TOTAL | ______<br>AVERAGE NUMBER OF YEARS |

### 1.2 Industrial Investment

In 1987, what was the total dollar amount the major industry in your community invested in research/development/exploration for local application or benefit? Calculate this total dollar amount on a per production employee basis.

- research/development/exploration investment per production employee $_____

In 1987, what was the total dollar amount the major industry in your community spent on in-house-training for its employees over the last five years? Calculate this on a per production employee basis.

- In-house training investment per production employee $_____

## 2. VULNERABILITY OF LOCAL ECONOMY

A diversified economy does not only provide insulation to periodic or permanent lay-offs by a community's single industry, it also provides for the potential of a more stimulating and rewarding quality of life for community members through an increase in employment opportunities. Ideally, one would like to see the situation where the traditionally underemployed members of the labour force in single-industry communities, women and younger people (14-25 year age group), are able to obtain satisfying employment.

Which of the following economic sectors are represented in your community? Indicate ONLY those sectors which have AT LEAST 10% of the community's jobs.

### DIVERSIFICATION RATING

WOOD .................................................. ____
FISHING (commercial) .................................. ____
WILDLIFE (TRAPPING, HUNTING) (commercial) ....... ____
AGRICULTURE (commercial) .......................... ____
SUBSISTENCE OR INFORMAL, NON-WAGE SECTOR (e.g. fishing, hunting, gardening, etc.) .............. ____
MINERAL ................................................ ____
MANUFACTURE OF END PRODUCT FOR FINAL USE (e.g. furniture, machinery, etc.) ..................... ____

POST-SECONDARY EDUCATION (e.g. university, college, technical school, etc.) .......................... ____
REGIONAL BASED GOVERNMENT SERVICES (fed/prov) ..... ____
SPECIALIZED HEALTH SERVICES (e.g. hospital, nursing home, etc.) ....................................... ____
REGIONAL RETAIL TRADE ............................ ____
REGIONAL WHOLESALE TRADE ........................ ____
TOURISM ............................................ ____
TRANSPORT .......................................... ____

**The total number of sectors that have at least 10% of the community's labour force employed is used as the diversification rating.**

*** diversification rating ____**

## 3. DEVELOPMENT ENVIRONMENT

### 3.1 Community Maturity

The presence of older workers and retirement age persons indicates that a community has reached the point where it has not only the capacity to provide the necessary living requirements for an ageing population, but also that older residents have the desire to remain in the community.

What is the old age dependency ratio in your community? (Divide the number of people in the age group of 65 years and over by the community's total labour force)

* retirement ____

What is the percentage of taxfilers in your community that fall into the age group of 45 years and over?

* older workers _____

The ability of a community to retain its younger people through the provision of satisfying job opportunities and life-styles indicates that the community has reached the point of social and economic maturity.

What percentage of your community's population that falls in the 15 - 24 year age group left the community within the last year to find work?

* out-migration of younger people ____

### 3.2 Community Vitality and Spirit

What was the percentage change in your community's population over the last year?

* population change (annual) ____

What was the percentage change in your community's population over the last five years?

* population change (five year change) ____

What was the percentage change in the total number of taxfilers in your community over the last year?

* change in number of taxfilers _____

Of the total number of taxfilers reporting some employment income in the last year, what percentage reported collecting unemployment insurance?

* unemployment insurance as a source of income ____

What is the percentage change in the total value of building permits issued in your community over the last year?

* change in total value of building permits ______

What percentage of the housing units in your community are vacant?

* housing vacancy rate ______

What percentage of the commercial units in your community are vacant?

* commercial unit vacancy rate ______

What percentage of private households in your community are rented?

* rental rate of private households _____

What is the number of arrests (for all types of crimes) per 100 residents in your community?

* crime rate _____

Using a scale of 1 to 10 (with 1 indicating no support and 10 indicating total support), how would your rate the support community members show to local businesses and service outlets?

* local business/service support _____

## 3.3 Community Accessibility

Indicate in the spaces provided below which of the following transportation services are available in your community, the number of points serviced directly by them, and the frequency of this service.

| **TRANSPORTATION MODE** | **SERVICE OFFERED** | **PRESENCE?** | **DIRECT SERVICE TO HOW MANY POINTS?** | **FREQUENCY OF SERVICE PER WEEK?** |
|---|---|---|---|---|
| AIR | Passenger | _____ | ______ | ______ |
| | Freight | _____ | ______ | ______ |
| RAIL | Passenger | _____ | ______ | ______ |
| | Freight | _____ | ______ | ______ |
| ROAD (Bus) | Passenger | _____ | ______ | ______ |
| | Freight | _____ | ______ | ______ |
| (Truck) | Transport | _____ | ______ | ______ |

COLUMN TOTAL _____ _____ _____

Calculate the measure for transportation infrastructure by adding together the three column totals.

- transportation infrastructure _____

### 3.4 Local Control of Development Initiatives

A barrier frequently mentioned in development literature is the lack of local control over physical and financial resources. For example, development of a wood industry may be inhibited because it is not possible to obtain cutting rights in surrounding land.

What percentage of the land and resources surrounding your community is barred from development initiatives because of company/monopolistic ownership/control of the senior levels of government?

- company/monopolistic ownership/government control of land and resources _____

How many development dollars does your community have IMMEDIATE access to (i.e. available to invest or commit without having to go outside your community to ask permission)?

- availability of development dollars $_____

### 3.5 Entrepreneurial Spirit and Small Business Supports

The creation of new employment opportunities outside of the single industry serves to diversify and strengthen an over-specialized economy. Financial support and business advice often play an important role in the starting up and continued success of local businesses.

In the last year, how many businesses opened and closed in your community?

- number of business openings _____

- number of business closures _____

During the last year, what was the best interest rate local commercial lending institutions offered for commercial ventures?

- availability of venture capital _____

Are there any local supports offered in your community for the purpose of training people in business skills or to give advice on starting up or operating a business? Please indicate the total number of places where this training or advice is available locally.

* availability of skills training and business advice _____

How much money did your municipal government spend on economic planning and development in the last year? Please calculate this as a percentage of total annual municipal expenditures.

* Municipal spending on economic planning and development _____

### 3.6 Socio-Political Environment

Quality of leadership and how people organize themselves often has a profound effect on the success of development initiatives. With respect to small communities, perhaps one of the most important lessons learned is that "for development to be successful, it must come from the people". Residents indicate their interest and commitment to the future of their community if they actively participate in the community planning process.

How many specialized development organizations and committees are active in your community?

* development organizations & committees _____

In the last year, what was the total number of meetings held by local specialized development organizations and committees?

* number of meetings held _____

In the last year, approximately what percentage of your community's members attended public meetings?

* public participation in the development process _____

In the last year, how much public investment money was raised locally? Provincially? Federally?

* public investment money raised locally $_____

* public investment money raised provincially $_____

* public investment money raised federally $_____

In the last year, how much private investment money was raised in your community?

* private investment money raised $_____

## COMMUNITY VULNERABILITY CHECKLIST

## ANNUAL SUMMARY

## Section 2: Annual Summary

### Introduction

The "Summary Record" has been provided for the purpose of keeping annual records of indicator measurements. Although the first year for data colection is 1987, it would be advantageous to make records for preceding years as this provides a more comprehensive trend line for the indicators. "Best" or "Goal-Setting" estimates of the indicators may also be determined for subsequent years.

## ANNUAL SUMMARY = COMMUNITY VULNERABILITY CHECKLIST

### 1. VULNERABILITY OF SINGLE INDUSTRY

### 1.1 Characteristics of the Industrial Base

| | | | | | | | | "BEST ESTIMATE" | |
|---|---|---|---|---|---|---|---|---|---|
| | 1976 | 1981 | 1987 | 1988 | 1989 | 1990 | 1991 | 1996 | 2001 |
| • Primary Resources Ranking | ______ | ______ | ______ | ______ | ______ | ______ | ______ | ______ | ______ |

### 1.2 Industrial Investment

| | 1976 | 1981 | 1987 | 1988 | 1989 | 1990 | 1991 | 1996 | 2001 |
|---|---|---|---|---|---|---|---|---|---|
| • Research/development/ exploration investment per production employee | ______ | ______ | ______ | ______ | ______ | ______ | ______ | ______ | ______ |
| • In-house training program per production employee | ______ | ______ | ______ | ______ | ______ | ______ | ______ | ______ | ______ |

### 2. ECONOMIC DIVERSIFICATION OF THE LOCAL ECONOMY

| | 1976 | 1981 | 1987 | 1988 | 1989 | 1990 | 1991 | 1996 | 2001 |
|---|---|---|---|---|---|---|---|---|---|
| • diversification rating | ______ | ______ | ______ | ______ | ______ | ______ | ______ | ______ | ______ |

### 3. DEVELOPMENT ENVIRONMENT

### 3.1 Community Maturity

| | 1976 | 1981 | 1987 | 1988 | 1989 | 1990 | 1991 | 1996 | 2001 |
|---|---|---|---|---|---|---|---|---|---|
| • retirement | ______ | ______ | ______ | ______ | ______ | ______ | ______ | ______ | ______ |
| • older workers | ______ | ______ | ______ | ______ | ______ | ______ | ______ | ______ | ______ |
| • out-migration of younger people | ______ | ______ | ______ | ______ | ______ | ______ | ______ | ______ | ______ |

## 3.2 Community Vitality and Spirit

| | 1976 | 1981 | 1987 | 1988 | 1989 | 1990 | 1991 | 1996 | 2001 |
|---|---|---|---|---|---|---|---|---|---|
| • population change (annual) | | | | | | | | | |
| • population change (five-year change) | | | | | | | | | |
| • change in number of taxfilers | | | | | | | | | |
| • unemployment insurance as a source of income | | | | | | | | | |
| • change in total value of building permits | | | | | | | | | |
| • housing vacancy rate | | | | | | | | | |
| • commercial unit vacancy rate | | | | | | | | | |
| • rental rate of private households | | | | | | | | | |
| • crime rate | | | | | | | | | |
| • local business/service support | | | | | | | | | |

## 3.3 Community Accessibility

| | 1976 | 1981 | 1987 | 1988 | 1989 | 1990 | 1991 | 1996 | 2001 |
|---|---|---|---|---|---|---|---|---|---|
| • transportation infrastructure | | | | | | | | | |

## 3.4 Local Control of Development Initiatives

| | 1976 | 1981 | 1987 | 1988 | 1989 | 1990 | 1991 | 1996 | 2001 |
|---|---|---|---|---|---|---|---|---|---|
| • company/monopolistic ownership/government control of land and resources | | | | | | | | | |
| • availability of development dollars | | | | | | | | | |

## 3.5 Entrepreneurial Spirit and Small Business Supports

| | 1976 | 1981 | 1987 | 1988 | 1989 | 1990 | 1991 | 1996 | 2001 |
|---|---|---|---|---|---|---|---|---|---|
| • number of business openings | | | | | | | | | |
| • number of business closings | | | | | | | | | |
| • availability of venture capital | | | | | | | | | |
| • availability of skills training and business advice | | | | | | | | | |
| • muncipal spending on economic planning and development | | | | | | | | | |

## 3.6 Socio-Political Environment

| | 1976 | 1981 | 1987 | 1988 | 1989 | 1990 | 1991 | 1996 | 2001 |
|---|---|---|---|---|---|---|---|---|---|
| • development organizations & committees | | | | | | | | | |
| • number of meetings held | | | | | | | | | |
| • public participation in the development process | | | | | | | | | |
| • public investment money raised locally | | | | | | | | | |
| • public investment money raised provincially | | | | | | | | | |
| • public investment money raised federally | | | | | | | | | |
| • private investment money raised | | | | | | | | | |

## SECTION 3: DETERMINING YOUR COMMUNITY'S VULNERABILITY RATING

In this final section, a table is provided for reporting indicator trends a community should be concerned about. To assist in the interpretation of changes in indicator measurements over time, the Interpretation Matrices in Appendices 1 and 2 illustrate trends that are considered to increase community vulnerability.

The actual scoring of a community is based on a simple system of assigning 1 if the observed trend in indicator measurements is thought to be undesirable for a community's development (i.e. those trends identified in Appendix 1 or 2). In the following table, blanks mark trends considered to be undesirable for a community's development. No score is given (i.e. 0) if the observed trend is considered a positive one.

To score your community, sum up the number of indicators with trends corresponding to those illustrated in the chart with blanks. Based on this system, the maximum rating a community can score is the total number of indicators, or 35. Communities scoring between 27 and 35 are considered the most vulnerable and those scoring between 1 and 7 the least vulnerable.

## REPORTING THE TRENDS - DETERMINING YOUR COMMUNITY'S VULNERABILITY RATING

| TREND | | |
|---|---|---|
| **INCREASE** | **DECREASE** | **INDICATOR** |
| | ____ | Primary resources ranking |
| | ____ | Research/development/exploration investment per production employee |
| | ____ | In-house training program per production employee |
| | ____ | Diversification rating |
| | ____ | Retirement |
| | ____ | Older workers |
| ____ | | Out-migration of younger people |
| | ____ | Population change (annual) |
| | ____ | Population change (five year change) |
| ____ | | Percentage of population on welfare |
| | ____ | Change in number of taxfilers (annual) |
| | ____ | Change in number of taxfilers (five-year change) |
| ____ | | Unemployment insurance as a source of income |
| | ____ | Change in total value of building permits |
| ____ | | Housing vacancy rate |
| ____ | | Commercial unit vacancy rate |
| ____ | | Rental rate of private households |
| ____ | | Crime rate |
| | ____ | Local business support factor |
| | ____ | Transportation infrastructure |
| ____ | | Company/monopolistic/government control of land and resources |
| | ____ | Availability of development dollars |

| TREND | | |
|---|---|---|
| INCREASE | DECREASE | INDICATOR |
| | _____ | Number of business openings |
| | _____ | Number of business closures |
| | _____ | Number of business loans approved |
| | _____ | Availability of skills training and business advice |
| | _____ | Municipal spending on economic planning and development |
| | _____ | Active development organizations and committees |
| | _____ | Number of "specialized development" meetings held |
| | _____ | Number of "public" meetings held |
| | _____ | Public participation in the development process |
| | _____ | Public investment money raised locally |
| | _____ | Public investment money raised provincially |
| | _____ | Public investment money raised federally |
| | _____ | Private investment money raised |

## COMMUNITY VULNERABILITY RATINGS

27-35 -- You are in deep trouble!
20-26 -- Corrective action required immediately
13-19 -- It may not be too late - act now
8-12 -- Situation requires further investigation
1- 7 -- You must be doing something right!

## APPENDIX 1: INTERPRETING DYNAMIC TRENDS IN THE INDICATORS

Use this matrix if there has been a change in an indicator measurement between two different time periods (i.e. increase or decrease).

## INTERPRETING TRENDS IN THE VULNERABILITY INDICATORS - WHAT TO BE CONCERNED ABOUT

| TREND | | |
|---|---|---|
| **INCREASE** | **DECREASE** | **INDICATOR** |
| | X | Primary resources ranking |
| | X | Research/development/exploration investment per production employee |
| | X | In-house training program per production employee |
| | X | Diversification rating |
| | X | Retirement |
| | X | Older workers |
| X | | Out-migration of younger people |
| | X | Population change (annual) |
| | X | Population change (five year change) |
| X | | Percentage of population on welfare |
| | X | Change in number of taxfilers (annual) |
| | X | Change in number of taxfilers (five-year change) |
| X | | Unemployment insurance as a source of income |
| | X | Change in total value of building permits |
| X | | Housing vacancy rate |
| X | | Commercial unit vacancy rate |
| X | | Rental rate of private households |
| X | | Crime rate |
| | X | Local business support factor |
| | X | Transportation infrastructure |
| X | | Company/monopolistic/government control of land and resources |
| | X | Availability of development dollars |
| | X | Number of business openings |

| | | |
|---|---|---|
| X | | Number of business closures |
| | X | Number of business loans approved |
| | X | Availability of skills training & business advice |
| | X | Municipal spending on economic planning & development |
| | X | Active development organizations & committees |
| | X | Number of "specialized development" meetings held |
| | X | Number of "public" meetings held |
| | X | Public participation in the development process |
| | X | Public investment money raised locally |
| | X | Public investment money raised provincially |
| | X | Public investment money raised federally |
| | X | Private investment money raised |

## APPENDIX 2: INTERPRETING STATIC INDICATOR MEASUREMENTS

Use this matrix only if there is no change in indicator measurements between two time periods.

## INTERPRETING THE VULNERABILITY INDICATORS - WHAT TO BE CONCERNED ABOUT IN THE EVENT OF NO CHANGE IN INDICATOR MEASUREMENTS BETWEEN YEARS

| INDICATOR | ACTUAL MEASUREMENT VALUE |
|---|---|
| Primary resources ranking | LOW RANKING |
| Research/development/exploration investment per production employee | FEW DOLLARS INVESTED |
| In-house training program per production employee | FEW DOLLARS INVESTED |
| Diversification rating | LOW RATING |
| Retirement | SMALL RATIO |
| Older workers | LOW PERCENTAGE |
| Out-migration of younger people | HIGH PERCENTAGE |
| Population change (annual) | DECREASE |
| Population change (five year change) | DECREASE |
| Percentage of population on welfare | HIGH PERCENTAGE |
| Change in number of taxfilers (annual) | DECREASE |
| Change in number of taxfilers (five-year change) | DECREASE |
| Unemployment insurance as a source of income | HIGH PERCENTAGE |
| Change in total value of building permits | DECREASE |
| Housing vacancy rate | HIGH PERCENTAGE |
| Commercial unit vacancy rate | HIGH PERCENTAGE |
| Rental rate of private households | HIGH PERCENTAGE |
| Crime rate | HIGH RATIO/100 |
| Local business support factor | LOW RATING |
| Transportation infrastructure | LOW MEASURE |
| Company/monopolistic/government control of land and resources | HIGH PERCENTAGE |
| Availability of development dollars | FEW DOLLARS AVAILABLE |

| | |
|---|---|
| Number of business openings | LOW NUMBER |
| Number of business closures | HIGH NUMBER |
| Number of business loans approved | HIGH INTEREST RATE |
| Availability of skills training & business advice | LOW NUMBER |
| Municipal spending on economic planning & development | LOW PERCENTAGE |
| Active development organizations & committees | LOW NUMBER |
| Number of "specialized development" meetings held | LOW NUMBER |
| Number of "public" meetings held | LOW NUMBER |
| Public participation in the development process | LOW PERCENTAGE |
| Public investment money raised locally | FEW DOLLARS RAISED |
| Public investment money raised provincially | FEW DOLLARS RAISED |
| Public investment money raised federally | FEW DOLLARS RAISED |
| Private investment money raised | FEW DOLLARS RAISED |

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